

4th Asia-Pacific Co-operative Ministers' Conference on "Cooperatives in a Changing Socio-Economic Environment"

Chiangmai (Thailand), March 18-22, 1997



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4th Asia-Pacific Conference of Cooperative
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Socio-Economic Environment"**

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International Co-operative Alliance
Regional Office for Asia & the Pacific
'Bonow House' 43, Friends Colony (East),
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International Cooperative Alliance

Regional Office for Asia & the Pacific
43 Friends Colony, New Delhi 110065. India

Telephone : (91-11) 683-5123
Fax : (91-11) 683-5568/684-7354
E-Mail : icaroap@giasdl01.vsnl.net.in

Headquarters

International Cooperative Alliance

15 route des Morillons
CH-1218 Grand Saconnex
Geneva. Switzerland

Telephone : (41-22) 929-8888
Fax : (41-22) 798-4122
E-Mail : ica@coop.org

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Foreword

This report contains all the documents presented at the 4th Asia-Pacific Conference of Co-operative Ministers on "Co-operatives in a Changing Socio-Economic Environment" held at Chiangmai, Thailand, from March 18 to 22, 1997. It also includes the recommendations and conclusions that came as a result of the intensive discussions at the Conference. It hopefully serves as a useful reference material for policy-makers, cooperative leaders, cooperative professionals and cooperative scholars.

The momentum of this 4th Ministerial Conference was ripe for many reasons. The ICA Co-operative Identity Statement (ICIS) was adopted in September 1995 during the ICA Centennial Congress in Manchester, and co-operatives in this region have begun to build their competitive strength with renewed vigour based on the principle of "Member Economic Participation". The principle of "Autonomy and Independence", which was added to the 1966 ICA document, has given the impetus for the strengthening of government-movement relations with a fresh vision based on the values of self-help and self-responsibility. The new principle of "Concern for Community" has added depth in discussing sustainable development and mainstreaming gender. All in all, the 4th Ministerial Conference took up the momentum arising from the Manchester Centennial Congress and the previously held Conferences (Australia 1990, Indonesia 1992, Sri Lanka 1994) and came up with more substantive - albeit fewer - conclusions and recommendations.

The changing socio-economic environment makes it incumbent upon the Cooperative Movements and their respective governments to have a clear and common understanding of the ICA Cooperative Identity Statement, enabling both government and movement to promote cooperatives that are distinct from private businesses in the changing marketplace. Capital must first and foremost be raised by members-cum-users, and professional management must not deter co-operatives to continue empowering their members to bring about both social and economic advancement. To facilitate the needed transformation, governments must also be willing to reform existing policies and modify legislative profiles that will empower cooperatives to become more member-oriented, competitive, and sustainable.

The ICA is particularly grateful to the government of Thailand, especially the Co-operative Promotion Department, for their invaluable contribution and exemplary organizing capabilities. Our sincere gratitude also goes to all honourable Ministers and senior government officials who took time to participate and to contribute to our important sessions throughout the Conference.

The ICA is equally grateful to the Canadian Co-operative Association (CCA) and the Developpement international Desjardins (DID), which provided their meaningful support towards a host of important program activities that led to the successful organization and outcome of this Fourth Co-operative Ministerial Conference.

To leaders and colleagues from all ICA member countries in this region, particularly those from the Co-operative League of Thailand, members of the ICA Board, and representatives from International organizations I offer the most heartfelt thanks for your great contributions. To ICA head office staff from Geneva, staff from other ICA regions and my colleagues from ICA ROAP, including Mr. G.K. Sharma, former Regional Director of ICA ROAP, I also wish to offer my sincere thanks and appreciation for all their valuable guidance and active participation.

It is our earnest hope that concrete follow-up action will take place soon and that the Fifth Co-operative Ministers Conference, scheduled to take place in Beijing, China, during the fourth quarter of 1999, will show a more empowered and vibrant co-operative movement in this region.

Robby Tulus

ICA Regional Director
for Asia and the Pacific

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

BACKGROUND

The International Co-operative Alliance, Regional Office for Asia and the Pacific (ICA ROAP), organized the Fourth Asia Pacific Co-operative Ministers Conference in Chiangmai, Thailand from March 18 to 22, 1997. Ministers responsible for Co-operative Development representing China, Fiji, Indonesia, Iran, Japan, Kuwait, Malaysia, Myanmar, Thailand and Vietnam participated at the Conference. 124 delegates from 22 countries in Asia and the Pacific, namely, Brunei, China, Fiji, India, Indonesia, Iran, Israel, Japan, Jordan, Republic of Korea, Kuwait, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Tonga and Vietnam, attended the Conference. In addition, 34 representatives from international organizations, namely, AARRO, ACCU, ACO, CCA, DID, FAO, ICMIF, ILO and ICA took part in the Conference as well.

Recommendations adopted by the Regional Consultation held in Yangon, Myanmar from December 2 to 6, 1996, summary of the Background Papers and Statements from member country governments and other national and international organizations, became the resource documents for the deliberations at the Ministers' Conference in Chiangmai.

The following are highlights of the Conference proceedings.

The Conference was inaugurated by His Excellency Sukavich Rangsitpol, Deputy Prime Minister of the Royal Thai government. The Deputy Prime Minister in his speech emphasized that the "ICA should commit to create the co-operative spirit in the region to acquire community support from all nations. The role of the trade and industry committee of ICA should be viewed in such a way that in the future a co-operative trade organization can be established as a trade forum for the co-operative movement".

At the inaugural function, the ICA Director General, Mr. Bruce Thordarson, gave his greetings to the Conference on behalf of the ICA, and Mr. B. S. Vishwanathan offered his welcome speech on behalf of ICA ROAP. The Director General of the ICA then presented an award to Mr. G. K. Sharma, former Regional Director of ICA ROAP, and a plaque was officially presented by H.E. the Deputy Prime Minister of the Royal Thai government. A report and a vote of thanks were offered by Mr. Robby Tulus, Regional Director of ICA for Asia and the Pacific, prior to the formal inauguration by the H.E. the Deputy Prime Minister.

Immediately after the Opening Ceremony, the Deputy Prime Minister inaugurated the Trade Exhibition held at the Westin Chiangmai

hotel, with co-operative products displayed by co-operative organizations in Thailand and other countries in Asia and the Pacific.

The Conference convened its first session at the Ballroom of the Westin Chiangmai Hotel. Hon. Shuchep Hansaward, Minister of Agriculture and Co-operatives of the Royal Thai government was unanimously elected as Chairperson of the Conference. The Chair proposed the formal agenda and clarification about the methodology of the Conference, and they were duly adopted. A Drafting Committee was proposed by the Chair and then unanimously approved.

Members of the Committee are as follows :

(a) Committee Members

Dr. Yehuda Paz	(Israel, ICA Board member)	Chairperson
Mr. N. Kohashi	(Japan)	Member
Mr. J. William Harris	(Tonga)	Member
Dr. Mohd. Ali	(Malaysia)	Member
Mr. B.D. Sharma	(India)	Member
Mr. Mohd. Reza Motavassely	(Iran)	Member

(b) Resource Facilitators

Mr. Robby Tulus	(ICA ROAP)
Mr. Claes Thorselius	(ICA Geneva)

Afterwards, two speakers were invited to present specific topics, namely Mr. Churll Hee Won on "The Role of Co-operatives in Food Security" and Mr. Robby Tulus on "The Co-operative scene in Asia and the Pacific, a joint statement by member organizations of ICA ROAP".

Following the above presentations, Statements were delivered by ministers, co-operative delegates and representatives from international organizations. Subsequent to the presentation of Statements, three work groups were formed and separate discussions took place on 21st March 1997 to review the recommendations emanating from the Regional Consultation in Myanmar. These recommendations underwent some modifications following the group work and were finally adopted by the Conference on 22nd March 1997.

The following Conclusions and Recommendations have been adopted by the Chiangmai Conference :

PREAMBLE

Contemporary co-operative organizations should be perceived as economic enterprises operating in a new socio-economic environment.

Cooperatives must project a distinct corporate identity to ensure the same acceptance and support as public and state enterprises. As such, the corporate philosophy, culture and business practices of co-operatives must represent a unique set of values in the competitive marketplace. The Statement of the Co-operative Identity as adopted by the ICA Centennial Congress in Manchester in 1995 provides the best guidepost for the creation of such a model.

It is therefore incumbent upon the co-operative movements and their respective governments to have a clear and common understanding of the Co-operative Identity to better promote genuine co-operatives in the changing marketplace. Emphasis must be given to the right of members-cum-users to raise and control their own internal resources in an economic and efficient manner, to optimize services to members, to empower members to participate actively, and to introduce a cost-effective and quality-conscious management approach. Their organizational structures must be flexible enough to enable them to diversify the entrepreneurial activities to capture new emerging ventures and as such to secure a special niche in the marketplace. To facilitate the needed transformation governments must be willing to reform existing policies and modify legislative arrangements in order to empower co-operatives to become more competitive.

Towards this end, a series of activities have been undertaken by the ICA ROAP and its member organizations in close consultation with corresponding governments in this region. A critical study on "Co-operative Legislation and Competitive Strength" was undertaken by an expert team. This indepth study provides an analytical overview on some of the strength and drawbacks arising from current government policies on co-operative development, and suggested innovative ways for cooperatives to advocate policy development strategies with governments using the existing platform, namely the Regional Consultation and Ministerial Conferences. Inasmuch as the study gave sharp focus to Co-operative Banking and Financial Intermediation, as well as to Agri-business Co-operatives, two successive Symposia were conducted on these sectors as well. In addition to the Study and the two Symposia, a region wide survey was also conducted by ICA ROAP to determine the extent to which actions have been undertaken by both ICA member countries and their respective governments as follow up of the Third Ministers' Conference in Colombo.

All the above activities led to the Regional Consultation held in Yangon, Myanmar, from December 2 to 6, 1996, attended by 39 delegates from 17 countries in Asia and the Pacific, and 21 observers from Canada and Myanmar, who adopted a Resolution that was presented and discussed at the Fourth Asia-Pacific Conference of Co-operative Ministers on "Co-operatives in a Changing Socio-Economic Environment", held

in Chiangmai from March 18 to 22, 1997. The Resolution adopted by the “Chiangmai Conference” is as follows :

RESOLUTION

On the basis of the above Preamble, and taking note of the results of the Regional Consultation held in Yangon, Myanmar, from December 3 to 6, 1996, the Fourth Asia Pacific Conference of Co-operative Ministers held in Chiangmai, Thailand, from March 18 to 22, 1997, resolves to adopt the following Recommendations :

For ICA and its Member Cooperatives :

- 1.1 To identify other Government entities in member countries which play key roles in cooperative development and consider their representation in future dialogues.
- 1.2 To advocate among major multi-lateral agencies (e.g., ADB, the World Bank) the adoption of “Policy on Cooperatives” which should have a shared vision on accepted principles.
- 1.3 To ensure consistency in implementing the Statement of the Cooperative Identity as adopted by the ICA Centennial Congress in Manchester in 1995 given the following considerations:
 - 1.3.1 the political and bureaucratic realities of the Region.
 - 1.3.2 the pressures of competition due to trade globalization.
 - 1.3.3 diversity of needs and impact of technology in operations.
 - 1.3.4 rapid growth which could result in the erosion of cooperative values and principles, as well as favour full market orientation.
- 1.4 To promote sustainability of cooperatives, appropriate collaboration between the government and cooperatives should be ensured along the following areas:
 - 1.4.1 service to members;
 - 1.4.2 member education and information;
 - 1.4.3 professional and efficient management;
 - 1.4.4 cost and quality consciousness;
 - 1.4.5 incorporation of the ICA Cooperative Identity Statement in Cooperative Legislation; and
 - 1.4.6 support to cooperatives to enable them to adjust to global and open market economies, including fair access to capital.
- 1.5 To provide or advocate technical assistance (e.g., from cooperatives in developed economies) to the Regional country members’ apex

organizations and cooperative training centers to enable them to cope with the diverse and specialized training needs of rapidly expanding cooperatives.

- 1.6 To continuously advocate for appropriate legislation and policies that will enable cooperatives to develop themselves as autonomous and democratic people-based associations, while preserving their true identity. The cooperative movement must seek methods of advocacy that are persuasive, appropriate, and done in the spirit of cooperation.
- 1.7 To avail of government support and assistance in a manner that will consistently maintain the cooperatives' attributes as self-help and self-reliant economic units.
- 1.8 To solidify its structural and financial base while maintaining the flexibility to mobilize the full potential and active participation of members, not just as passive "shareholders" but as concerned "stakeholders".
- 1.9 To further promote co-operative enterprises in areas such as insurance, trade, etc., for which national or international alliances could be promoted, preferably on a co-operative to co-operative basis, in accordance with the fourth Co-operative Principle of "Autonomy and Independence".
- 1.10 To revitalise the ICA Banking and Financial Coops Committee in the Asia-Pacific region and for the said Committee to study the feasibility of a Regional Co-operative Development Bank and draw the support of existing international financial institutions for coop development.
- 1.11 To consider education and training as a vital and strategic factor to ensure sustainable cooperative development. A network of cooperative institutes and other centers of excellence must be created. The movement must take advantage of the vast educational experiences and systems already developed in selected member countries.
- 1.12 To commission a study on Cooperative Taxation schemes and recommend an appropriate tax treatment for cooperatives.
- 1.13 To identify potential exchanges and strategic alliances on trade and investment, technology transfer, joint projects and to commission a study on expanding trade among member organizations.
- 1.14 To develop and support an appropriate role for government by collating the Country Development Plans incorporating the role of cooperatives from the government of each member country. ICA, together with the member organizations will analyse the same for the purpose of making it consistent with the Cooperative Identity

Statement and assisting the National Governments in ensuring the implementation of the Plans.

- 1.15 To strengthen collaborative efforts of the ICA with the United Nations, bilateral and multi-lateral funding agencies.
- 1.16 To enhance relations with government, private sector and selected social development organizations.
- 1.17 For the ICA and the Oceania-Pacific countries to discuss ways of maximizing the participation of Oceania-Pacific National Cooperative Movements in ICA ROAP affairs and activities.
- 1.18 To monitor the progress of implementation of the recommendations adopted at the last three Cooperative Ministers' Conferences, and to disseminate the results to member organizations periodically.

2. FOR GOVERNMENT AUTHORITIES

- 2.1 To advocate for and ensure a Common understanding of the Cooperative Identity Statement among government agencies which play key roles in cooperative development.
- 2.2 To formulate laws and policies consistent with the Cooperative Identity Statement.
- 2.3 To advocate for macro and sectoral policies and programs deemed vital to the development and competitiveness of cooperatives.
- 2.4 As Agricultural Cooperatives play an important role in national development, the ICA urges National Governments to:
 - 2.4.1 support agricultural cooperatives as they play an active role in agri-business;
 - 2.4.2 give priority to farmer cooperatives in the agri-business industry by providing:
 - 2.4.2.1 concessionary loans based upon business feasibility;
 - 2.4.2.2 infrastructure, research and development and other pre-conditions of agri-business in the public domain;
 - 2.4.2.3 concessions on imports of technology relating to agri-business;
 - 2.4.2.4 education and training relating to business operations;
 - 2.4.2.5 regulatory conditions to ensure a free and fair market;
 - 2.4.2.6 fair price policies; and
 - 2.4.2.7 otherwise, make it possible for cooperatives to adjust to global and open market economies.
- 2.5 The Conference also urges national governments to :

- 2.5.1 ensure that cooperatives or small and medium industries are not disadvantaged by industry and trade regulations;
 - 2.5.2 abolish multi-level taxation on cooperatives in countries where co-operatives are taxed¹);
 - 2.5.3 extend to cooperatives incentives and concessions granted to the private and public sectors;
 - 2.5.4 withdraw assistance to cooperatives, if such withdrawal is necessary, gradually rather than abruptly;
 - 2.5.5 recognize cooperatives as partners in regional accords and agreements regarding cooperative business;
 - 2.5.6 in case of change of ownership of co-operative shares, consideration should be given to the possible re-evaluation because of the changing value of the co-operative shares, and that a provision to that effect should be made in the co-operative law; and
 - 2.5.7 in countries where co-operatives are taxed, and before tax exemption is granted, appropriate policies should be created so that some or all of income derived from taxation of co-ops, if there is any, be used for re-investment in co-operatives, for the development of new co-operatives, for the promotion of Human Resource Development in co-operatives, and for other similar purposes.
- 2.6 Allow cooperatives to invest surplus funds in other countries, particularly through joint ventures with cooperatives in those countries.
- 2.7 To call on the governments to allocate funds from their official development assistance budgets to support ICA development activities and to promote co-operatives in developing countries.

3. GENDER AND DEVELOPMENT

For Governments at all levels and Co-operatives to :

- 3.1 review, identify and eliminate all legislation, regulations and policies which hinder the full participation and leadership of

¹ While there was an agreement that co-operatives should pay income tax, there was also a consensus that governments need to consult with the co-operatives to determine that if the co-operative pay income tax then members should not be paying income tax on their respective dividends, or on paying value added taxes on sales, and any other taxes.

women in leadership roles in cooperatives.

- 3.2 create and provide training opportunities to ensure that gender issues in cooperatives are properly recognized by government officials, cooperative members and leaders.
- 3.3 set up gender disaggregated data base and carry out proper gender analysis in collaboration with ICA and other partner organizations.
- 3.4 allocate funds for gender and women's activities such as data collection and training (e.g., gender sensitivity training, women leadership training, women's entrepreneurship development programmes, etc.) where such funds do not yet exist.
- 3.5 create a conducive environment in which women could gain access to, and control over, resources - such as credit business opportunities - within the co-operative.

4. SUSTAINABLE DEVELOPMENT

- 4.1 To call upon cooperatives to establish strategic alliances among themselves and with government agencies for the purpose of :
 - i) sharing of research information and resources, and technology;
 - ii) working towards creating public awareness on ecosystem management, sustainable livelihood and food security;
 - iii) providing incentives for labour contribution to sustainable development; and
 - iv) introducing environmental accounting and other measures for development projects, including entrepreneurial activities.
- 4.2 To call upon governments at all levels to pursue poverty alleviation programmes following the "principle of sustainable development"²⁾
- 4.3 To call upon co-operatives to take appropriate steps to pursue the principle of sustainable development as part of "concern for community," which is the seventh cooperative principle.
- 4.4 To encourage cooperatives and governments at all levels to pursue green consumerism and fair trading practices.

² *Sustainable development is defined as development that "meets the needs of the present without compromising the ability of future generation to meet their own needs".*

REFERENCE PAPERS

Reference papers for the 4th Asia-Pacific Conference of Cooperative Ministers on “Cooperatives in a Changing Socio-Economic Environment”

INTRODUCTION

About the Papers

1. **Reference Paper-I** recapitulates succinctly the achievements, and in some cases drawbacks, in terms of the follow-up action of those recommendations adopted at the Colombo Conference of Ministers, in charge of Cooperative Development in the Asia and the Pacific Region in 1994. This background paper also intends to maintain a coherent link between all Cooperative Ministerial Conferences (Sydney 1990, Jakarta 1992, Colombo 1994) with the forthcoming one to be held in Chiangmai in 1997. *Coherence and chronology* is assured with the assistance of Dr. R.C. Dwivedi who has been ICA ROAP's technical consultant since the first conference held in Sydney, and actually since the first Regional Consultation held in Singapore in 1988. It essentially presents a comprehensive analysis, and a synopsis of the positive responses to ICA ROAP's questionnaire.
2. **Reference Paper-II** is an Executive Summary of a Critical Study on Cooperative Legislation and Competitiveness undertaken by two expert consultants, Messrs. Ibnoe Soedjono (Indonesia) and Mariano Cordero (Philippines), in five countries in South-East Asia, presenting a qualitative sample of critical issues facing cooperatives in these countries given the changing socio-economic environment, with particular focus on agri-business and cooperative banking and financial intermediation.
3. **Reference Paper-III** addresses the issue of Gender and Development (III-A), as well as Sustainable Development and Cooperatives (III-B), which have become central issues during and following the ICA Centennial Congress in Manchester in 1995. This is a position paper presented by the ICA ROAP in Yangon, the follow-up of which will be presented at the Chiangmai Conference.
4. These Reference Papers have been produced through the joint efforts of Dr. R. C. Dwivedi, Drs. Robby Tulus, Mr. W. U. Herath and Ms. Akiko Yamauchi, under the advise of Mr. G. K. Sharma throughout the time he was Regional Director of ICA ROAP, and subsequent thereto as well.

Robby Tulus
ICA Regional Director
for Asia & the Pacific

REFERENCE PAPER-I
Overall Implementation and Achievements
of the Past Three Cooperative
Ministers Conferences

Dr. R.C. Dwivedi

1. RECAPITULATION

1.1 All the three previous Ministerial Conferences were historical in their object and contribution. They were historical in the sense that neither was an exercise in isolation. The Sydney Conference was circumstanced to sensitise the Governments to the need to recognise the potential and role of Cooperatives in the national economy and to liberalise cooperatives to enable them to play their full role. It was also intended to create a platform at international level where the Government and the Movement may discuss the problems facing cooperatives for mutually agreed decisions. Having achieved that goal, the second Conference at Jakarta was evented, *interalia*, to evolve a "practical system of cooperative-government relationship to combine cooperative values, socio-economic objectives and cooperative strength". The Colombo meet of Ministers of Cooperatives was squalled to decide approach directions for cooperatives in the context of rapid changes in the economies towards liberalisation/deregulation, privatisation, marketization and globalisation of national economies all over the world/Asia-Pacific region. The theme of the Fourth Conference of Ministers of Cooperatives is "Cooperatives in the Changing Environment in the Asia-Pacific Region".

1.2 Taken together, the three Conferences had agreed, *interalia*, on the following:

- Incorporation of cooperatives in the National Constitutions;
- Cooperatives have an inevitable role to play in socio-economic development;
- Governments continuing support to cooperatives, especially towards creating and sustaining cooperative friendly environment;
- Liberalisation of cooperatives by democratising cooperative laws for empowerment of members and for promoting competitiveness;
- Formulation of National Cooperative Policy;

- Continuous dialogue/consultation between Government and Cooperatives;
- Preservation of cooperative character, and operationalisation of basic values and Cooperative Principles;
- Development of human resources;
- Recognition of Cooperative Values and Principles by United Nations and its other specialized bodies as also other international organizations.

(Please refer to the text of declarations and recommendations of the past three Conferences which was sent to you following the Ministers Conferences).

2. Background of the Fourth Conference :

2.1 The Colombo Declaration concluded with a statement that "in view of the positive impact of the last Cooperative Ministers' Conferences, the Cooperative Ministers of the Asia-Pacific Region shall continue meeting periodically to review the progress and problems of cooperatives in the region". The economic changes aimed at restructuring the national economies in the context of liberalisation, marketisation, privatisation and globalisation of economy, continued with various experiences in various countries of the Asia-Pacific region. After the Colombo Conference held in 1994, several important events were held which have their influence on cooperatives. They were:

- Reformulation of Cooperative Principles and identification of cooperative values and consequential redefinition of cooperative at the ICA Cooperative Congress and General Assembly of ICA held at Manchester in Sept. 1995.
- Report of U.N. Secretary General on "Role of Cooperatives in Socio-economic development" presented to UN General Assembly in July 1994.
- IV World Conference on Women (Beijing 1994).
- World Summit for Social Development in 1995.
- World Food Summit at Rome 1996.
- Asian Agricultural Cooperative Top Leaders Conference 1995.
- ICA ROAP Regional Conference on Gender Integration 1992.
- Meeting of Economic and Social Commission for Asia and the Pacific 1996.
- Meeting of Economic and Social Council (ECOSOC) 1995.

Top Level Women Farm Leaders Conference, Tokyo, October 1996.

2.2 These events envisaged directly or indirectly involvement of cooperatives in various fields, particularly food security, poverty alleviation, gender equality, etc.

2.3 The Manchester ICA Congress decision aim at restoration of cooperative character, which has been distorted seriously, particularly in the developing countries of Asia-Pacific region. There are other problems/situations which demand urgent attention and examination should cooperative have or can play a role. Whatever be the autonomy and independence of cooperatives, Governments' nod, agreement and positive responses are imperative for adoption of revised cooperative principles, diversification of cooperative activities, community caring etc. It is relevant to emphasise that cooperatives in developing countries are not mere distributive agencies. They are to be seen and treated in a wider perspective as organisations for overall socio-economic development and they are to respond to new calls and new situations. Besides, it is also necessary to review the progress of implementation of the previous Conferences. The 4th Conference, therefore, has a wider agenda to discuss, covering the following:-

- Review of follow-up of the implementation of Recommendations of previous Conferences of Ministers of Cooperatives held at Sydney, Jakarta and Colombo.
- Adoption of reformulated Cooperative Principles, Values and Cooperative Identity.
- Cooperatives in Changing Environment.
- Gender and Development.
- Sustainable Development and Co-operatives.

3. Action by ICA ROAP on the Recommendations of Previous Conferences

3.1 The ICA ROAP, New Delhi, systematically and continuously followed up the implementation of Conference Declarations and recommendations with the National Governments and Cooperative Movements. National Workshops were organised to consider the applicability and adoption of the recommendations keeping in view the local conditions. The intensive follow-up succeeded in convincing the national Governments about the need and relevance of the implementation of recommendations in the interest of overall development of cooperatives. It has been a kind of international educational exercise and motivational activity on the part of ICA R.O. New Delhi. The Colombo Conference had recommended that "the ICA ROAP, together with the

Canadian Cooperative Association, the Swedish Cooperative Centre, and other development partners, should start making sound policy dialogue with the Asian Development Bank to seek their involvement in co-financing cooperative development activities through technical assistance and study programmes. The Conference notes the need for policy support, especially policies which enhance the image of cooperatives in its entry into the Asian Development Bank and other multi-lateral agencies". As per this recommendation, ICA and ILO sponsored a workshop of donors was held at Hanoi, Vietnam, from 16th to 19th May, 1995, which was participated by other development partners - International Cooperative Alliance (ICA), International Labour Organization (ILO), Food and Agriculture Organization (FAO), Canadian Cooperative Association (CCA) and Swedish Cooperative Centre (SCC), United Nations Development Programme (UNDP), DID, CCD, ICIMF, JCCU, etc. Asian Development Bank, however, was not represented. A number of recommendations were made by the workshop. It was also agreed that in future such joint workshops by all development partners be organized to ensure better utilization of available resources.

Reported information about various changes/achievements that have taken place in the cooperatives of various countries in the Region are given briefly in the following paragraphs.

4. Achievements :

4.1 Continuing Importance of Cooperatives

4.1.1 In Fiji, Coops. are regarded as a component of the private sector. The Government gives importance to cooperatives as an instrument of development.

4.1.2 Government of India have, since independence and more particularly after the advent of planning, recognised Cooperatives as an important instrument for the socio-economic development of the people particularly in the rural areas. Therefore, the Government has constantly encouraged cooperatives right from the First Five Year Plan by providing financial, policy and other support. The proposed National Policy on Cooperatives purports to recognise cooperative sector as a distinct sector in the national economy. Under this policy the role of cooperatives in the decentralisation of economic development, promotion of social justice, removal of exploitation has been emphasised in addition to emphasis on promotion of cooperatives as self-reliant democratic institution. It also provides for an indicative action plan to be followed by different agencies.

4.1.3 In Indonesia, the State Guidelines of 1993 (GBHN 1993) has stated in the national policy that the cooperative sector is an integral part of the National Economy. The 6th Five Year Plan of Indonesia

(1994-95 to 1998-99) covers 5 year development plan for cooperative development. The GBHN 1993, distinguishes the areas of cooperative development plan covering agriculture, handicrafts, industry, trade, transportation transmigration, estates, mining, fisheries, and animal husbandry. The role of cooperatives is clearly defined/identified in each sector. The State Guidelines of 1993 have stated the rational policy that the cooperative sector is an integral part of national economy. The Sixth Five Year Development Plan covers a six Five Year Plan for cooperative development. The G.B.H.N. 1993 distinguish the areas of cooperative development plan covering agriculture, handicraft, industry, trade, transport, transmigration, States mining, Fisheries and Animal Husbandry. Role of cooperatives is identified in each sector.

4.1.4 In Malaysia, according to Government information, Cooperatives have always been recognised as a vehicle to upgrade the standard of living of the poor through their ability to mobilise resources among the poor, disadvantaged and the rural population. On May 9th, 1996, the government by way of a declaration in the Gazette recognised the National Co-operative Organisation of Malaysia or ANGKASA as the apex body to represent the movement nationally as well as internationally.

4.1.5 As per the report of ANGKASA, Malaysia, so far there is no change in government policy towards cooperatives and no National Policy on Cooperatives has been made. There has been pronouncement made to the effect that cooperatives form the 3rd Economic Sector. This should have been followed by some sort of policy.

4.2 Structural Changes

The Colombo Declaration as also the recommendations of the previous Conferences expressed the need for structural changes to strengthen the cooperative structure so as to make it viable and develop it as a system. It was emphasized at Colombo Conference that "transforming cooperative structures is a vital aspect in the context of Economic Liberalization. Fiji, India, Indonesia, Japan, Malaysia, Myanmar, Singapore, Sri Lanka have taken certain steps to rationalise the structure according to local situation. The following developments have been reported in regard to this in various countries.

4.2.1 In India, following action has been reported:

1. Greater emphasis has been given on strengthening the primary agricultural cooperative societies (PACS) through implementation of business development plans.
2. With a view to bridging the structural gaps, Cooperative Bank of India, has been set up. However, efforts are still underway to get the Banking Regulation Act amended to facilitate the

said Bank to start banking operations.

3. The urban cooperative banking sector in some of the States has also demanded establishment of their own state level cooperative banks. In Maharashtra, one of the States in India, this step has already been taken. This would call for greater coordination between short term and medium term cooperative agricultural structure and urban cooperative banking system.
4. The basic problems faced by the cooperative sugar factories sector and cooperative spinning mills sector has been the problem of sickness. Similarly, there has also been the problem of technological upgradation in this segment of cooperative movement. The National Cooperative Union of India conducted a comprehensive study of problems of sickness in cooperative sugar factories and cooperative spinning mills. Based on these studies, a series of seminars were conducted at the Vaikunth Mehta National Institute of Cooperative Management, Pune, India, so as to effectively sensitize the managerial personnel and managers of cooperative sugar factories about the need for preparation of an action plan for removing the sickness from their respective sectors.
5. With a view to strengthening the consumer cooperative structure, Government of India appointed a committee which recommended an action plan for consumer cooperatives at different levels. An Action Plan for reactivising National Consumers Cooperative Federation has been prepared which is under implementation. As a result of this, the National Consumer Cooperative Federation has started to look up in its operations.
6. Industrial Cooperatives constitute an important sector of the Indian Cooperative Movement, the membership of which comes from the artisans, handloom weavers, handicrafts men. Most of these cooperatives are weak. Even their National Federation of Industrial Cooperatives is dormant. The National Cooperative Union of India took initiative to appoint a working group for preparing an Action Plan for revival of the National Federation of Industrial Cooperatives. Action Plan is under active consideration of the Government of India.

4.2.2 In Indonesia, the Indonesia Cooperative Council (DEKOPIN) has established the following:

1. a Directorate for Cooperative business promotion a.o. to facilitate Cooperative Business Network (JUK) at local, regional (at 27 provinces) and national level, covering priority commodities;

2. a National Cooperative Business Enterprise or JUK PALAPA supported by regional provincial structure;
3. Cooperative Partnership Programmes, whereas cooperatives are motivated to enter into joint ventures amongst cooperatives and among cooperatives and private enterprise, without sacrificing the cooperative spirit and becoming sub-ordinate.

Examples : partner in business in terms of supply of raw materials, sub contracting, marketing, transportation of goods, servicing (catering, security service, transportation of personnel or workers etc.).

4.2.3 In Japan, the JCCU (Japanese Consumers' Coop. Union) has reported that formation of Regional Federations of Coops and National Integration through JCCU and COMO Japan were promoted. JCCU has decided in its 5-year plan for 1996-2000 to encourage affiliated retail societies to develop 850 new super markets/super stores in total by the year 2000 in order to survive the intensifying competition. It is interesting to note that the number of consumer primary cooperatives has come down from 665 to 647, whereas the number of members has increased from 13.36 million to 18.63 million.

4.2.4 In Malaysia, efforts have been made to promote vertical and horizontal integration among the co-operatives especially those with similar business activities. One example is the formation of a consortium of consumer co-operatives initiated by the Minister of Land and Co-operative Development to supply electrical goods. Similar integration are being promoted especially at state level which include school co-operatives and housing co-operatives as well as credit co-operatives.

4.2.4.1 In Malaysia, the number of Banking/Finance Primary Cooperative Societies, which was 405 in 1990 has come down to 388 in 1995. But the membership has increased from 734059 in 1990 to 799488. The number of Housing Primary Cooperative Societies has been fluctuating so also the membership. There is a constant increase in consumer cooperatives including School Cooperatives. The number of societies was 1016 in 1990, which gone up to 1350 in 1995. The membership during the period has increased from 897956 to 130762. The number of Transport Cooperatives has also decreased from 402 in 1990 to 378 in 1995. The membership has also decreased. The structure of Plantation Primary Cooperatives had increasing trend upto 1994, the number of societies being 45, which has gone down to 41 in 1995. The membership is fluctuating. The Industrial Cooperatives have a decreasing trend, as also decreasing membership. The Construction Cooperatives which were 77 in 1990 increased to 108 in 1994 but decreased to 106 in 1995. The membership has a corresponding trend. The Service Primary Cooperative Societies are constantly increasing. In 1990, they were 59 whereas in

1995, the number has gone to 222. The membership which was 43960 in 1990, increased to 112918. Now this shows that the Service Primary Cooperative Societies are becoming more popular.

From the above developments, two approaches emerge - (1) organization of new cooperatives at primary and federal levels or reducing the number of societies, and (2) emphasis on increasing the membership.

4.2.5 In accordance with the market oriented economy, in Myanmar, the cooperatives in implementing their respective functions adjust themselves to adapt to the new environment. The following major structural changes have taken place after the Colombo Ministerial Conference:

Total number of new 2,324 cooperative societies have been formed in addition to old 8,122 cooperative societies. Of the new societies, the primary cooperative societies are 2,035, secondary cooperatives 284 and unions 5. Besides the following structural developments have also taken place:

1. The two cooperative banks, cooperative promoters bank and cooperative farmers' bank have been established in July 1996 in order to provide the monetary requirements to the agricultural producers, cooperative societies and the trading cooperative societies respectively.
2. The following five Union of cooperatives syndicate have been formed with per share value of Kyats 50,000:
 - a) Union of Agriculture Producer Cooperative Syndicates;
 - b) Union of Govt. Employees Cooperative Syndicates;
 - c) Union of Education Employees Cooperative Syndicates;
 - d) Union of Industrial Producers Cooperative Syndicates;
 - e) Union of Monetary Cooperative Syndicates.

4.2.6 In Singapore, a new streamlined executive council of Singapore National Cooperative Federation has been elected based on the review recommendations. The new council will concentrate on a number of initiatives which resulted from the cooperative strategic review, such as (a) the development of a retirement village to help in solving some problems of ageing population in Singapore. (b) a more aggressive promotion of the cooperative movement through various media and events. (c) the setting up of a common computer system for the credit cooperative affiliates, and (d) the promotion of cooperatives with the younger generation specially in schools. At the same time, the affiliates

of SNCF will be encouraged to be more actively involved with the federation at both sectoral and national levels through their respective sector committees and through more effective sectoral representation in the activities of the Federation. It is noticeable that the only cooperative transport society has been wound up. The number of Thrift and Loan Society has been reduced from 28 to 27 and the number of service societies has increased from 6 to 10, school cooperatives from 3 to 6, medical cooperatives from 1 to 2, housing cooperatives from 1 to 2, multi-purpose cooperatives from 16 to 17, and consumer cooperatives from 5 to 9, whereas others remain the same.

4.3 Changes in the Cooperative Laws

Cooperative Law is the most powerful single factor which influences and decides to the greatest extent the character of cooperative, the role and powers of members, decision making powers of cooperatives, the pattern of power structure within the cooperative, system of governance, government-cooperative relationship, etc. One major recommendation of the three previous Conferences of Ministers of Cooperatives was to amend the Cooperative Laws to make them more member-oriented, democratic, positive and progressive, in conformity with Cooperative Principles. One valuable impact of Ministerial Conferences has been that action has been to review and change the Cooperative Laws in the Region.

4.3.1 In Fiji, a comprehensive review of the cooperative legislation of 1947, has been carried out by an expert from the ILO and a new legislation will be presented to the Parliament. This Bill envisages to encourage sound and orderly development of cooperatives in Fiji as means of promoting self-reliance and harnessing people's participation towards the attainment of economic development and social justice. This legislation seeks to identify the proper role of the State and its agents in establishing favourable working environment and conditions for cooperatives. It highlights the need for more active participation by members in the actual formation and running of cooperatives so as to allow them to be viable and efficient economic enterprises with minimum interference or assistance from the State.

4.3.2 The department of cooperatives and the Cooperative Movements leaders developed a 10-year plan to facilitate the development of cooperative societies into free standing self-sustaining economic units.

4.3.3 In India, recognising the practical need for reforming the Cooperative laws, the Govt. of India in the Planning Commission constituted a Committee to finalise the Model State Cooperative Societies Bill. The Committee submitted its report along with the draft of the Model Cooperative Bill comprising broad parameters to be observed by Cooperatives and also by Governments. The report has been accepted

by the Govt. in principle. The Multi-State Cooperative Societies Act is being reformulated on the lines of Model Cooperative Societies Bill prepared by the said expert group. The legislative proposal to replace the existing Multi-State Cooperative Societies Act 1994, is under consideration at an advance stage. The Government of India is also in continuous interaction with State Governments to persuade them to reformulate their Cooperative Societies Act. The situation is, more or less, the same as was reported at Colombo. The governments are not yet seriously inclined to transfer of power to the members and cooperatives, though they agree in principle.

4.3.4 In Indonesia, amendments have been affected in the Cooperative Law (Law No. 25 year 1992). The amendments relate to definition of Cooperatives (Art. 1), Cooperative Principles, classification of cooperatives, management (Art. 32) and role of the Government (Art. 60). However, the amendments are not the same as recommended by Manchester ICA Congress and General Assembly, though they contain the Manchester spirit. Cooperative has been defined as business enterprises and economic peoples movement, the essence to give cooperatives self-confidence as clear tools of the people in performing the business and in setting up a democratic economic stance. Cooperative Principles include "The management of cooperatives is democratic, reflecting democratic member control in setting up policies and decision making; cooperatives are self-governing that implies autonomy and independence. Education is supporting principle for success as also the principle of cooperation among cooperatives. Art (32) of the changed law empowers the Board to appoint a professional management that is responsible to Board. Act 60 lays down that the Government shall provide guidance and protection to cooperatives. The principle of autonomy and independence is understood as no interference by the Government in internal matters of cooperatives. Cooperatives have been classified, based on economic performance, as productive. Consumptive, marketing, servicing, handicrafts, as economic tools of members.

4.3.5 In Indonesia, the Government has further issued a Government regulation, based on New Cooperative Law NR 25 year 1992 as the following:

1. Requirement and approval of the establishment and Bye-laws of cooperative societies.
2. The dissolution of cooperative societies by the Government.
3. The requirements and approval of savings and loan cooperatives.

4.3.6 The Government and the House of Representatives (Parliament) also issued the Law on Small Enterprises. This law is very closely related to cooperatives, since small enterprises in Indonesia are obtain-

ing guidance from the Ministry of Cooperatives and Small Enterprises and are motivated to join themselves into cooperatives.

4.3.7 The new Cooperative Law has given to the Cooperative Council the recognition as cooperative promoter for small enterprises. In article 58, states that the Cooperative Council is performing activities as below :

1. To provide guidance to groups of Small enterprises to motivate them to join themselves into Cooperative Societies.
2. To develop joint actions amongst cooperatives and among cooperatives and other business entities, at local, national as well as regional and international levels.

4.3.8 In Malaysia, as reported by the Cooperative Department, the Co-operative Act 1993 seeks to promote good management practices such as transparency, accountability, prudence and quality management. People empowerment is enhanced whereby members are involved directly in management of their co-operatives particularly in areas pertaining to investment, budgeting and internal control and major decisions are made with the consent or knowledge of members. The development role of the Department is clearly spelt out in Section 3(3)(c) of the Co-operative Act 1993 i.e. to encourage and promote the establishment and development of co-operative societies in all sectors of the economy and to assist co-operative societies increase their effectiveness. The provision in the Act enables co-operatives to set up subsidiaries and therefore take part in the economy of the country. A new provision is being studied to enable co-operatives to set aside a portion of their profit to fund projects for the benefit of the community. Even now however some co-operatives have already kept aside a small sum of the profits as the welfare or education fund for the benefit of their members and their children.

4.3.8.1 However, the movement, as reported by ANGKASA, several provisions of the Act have been found to be impracticable or difficult to carry out in particular the following:

- a) Annual General Meeting (AGM) to be held within 6 months of the financial year end. It may not be difficult for an average coop but for big coops. that have to organise area meetings before the AGM is difficult. Failure to do so can be subject to a fine not exceeding RM 50,000 or 4 years jail or both.
- b) Quorum 1/3 for AGM and 2/3 to amend the by-laws have resulted in several Coops calling 2-3 times for an AGM but without success for lack of quorum. For secondary and tertiary coops only the Minister can give an exemption. Originally this power was vested with the Registrar General.

- c) Area meetings for coops whose area of operation covers one state or more - without exception. There are quite a number of coops under this category but with members just a few hundreds that are spread throughout the State, but the majority concentrated in the State Capital. In the smaller towns there may be just a few or less than 10 members. Hitherto these coops have been doing fine with attendance around 30-50% at their AGM.
- d) A Tribunal has been set up by the Dept. of Coop Development to which all disputes are being referred, whose members are from the legal profession. The fear is that disputes will be decided purely based on legal grounds. Morale rights and obligations on which the co-operative spirit is based may be set aside. Members who are not educated and with little money may lose out to those with money who can afford legal council.

4.3.9 In Myanmar, since December 1992, the old Cooperative Societies Law was replaced with 1992 Cooperative Societies Law. The new Law is unique in that it incorporates basic principles of the society, which are the forerunners of the spirit of the Ministers Conference recommendations. In addition it allows the societies their independence and autonomy in the management of their affairs. In fact, National Cooperative Policy manifests itself in the new Act. But even though Cooperatives are generally regarded as group private, they are still recognised as a distinct sector of economy in the development plan in general and report to the people in particular.

4.3.10 In Sri Lanka, the Minister in-charge of Cooperatives appointed a Committee to study the existing Law and to propose a new legislation keeping in mind the member-driven nature in the proposed legislation. He further envisioned that the movement as such should be self-reliant, independent and answerable to the membership than to the Registrar and political authorities, and powers to the members. The draft of the proposed new legislation has been completed. The Cooperative Minister in the Provinces are in the process of proposing improvements to the draft.

4.3.11 Vietnam has enacted a new Cooperative Law. The Law provides powers to members and by nature of various provision, it's democratic, progressive and liberal. It particularly makes the working of cooperatives transparent.

4.4 Competitive Strength

The focal issue at the Colombo Conference of Ministers of Cooperatives of Asia and the Pacific region was "Cooperatives in the Market Oriented Economy", which obviously means the competitive strength of

cooperatives to sustain themselves in the situation of competition in the market. The measures taken by the Cooperatives in various countries have been reported as follows:

4.4.1 In India, with a view to strengthening the competitiveness of cooperative banking institutions, the Government has introduced prudential norms and income provisioning norms. Although for commercial banks, a massive assistance has been provided to cleanse their balance sheet so as to facilitate them in maintaining prudential norms. In case of Cooperative Banks, such assistance has not been made available by the Government. The Cooperative sector is, therefore, pleading with the govt. to provide similar assistance as has been done in the case of commercial banks.

4.4.2 In Singapore, a strategy has been evolved to increase the competitiveness of cooperative sector. The objectives laid down under the vision are: (1) to expand the membership of the cooperative movement to 1 million members by the year 2000. (2) to strengthen the role of cooperatives in existing areas of activities and to develop new activities that meet the needs of the people. (3) to improve the awareness of members of the social and economic purpose of cooperatives and increase their level of involvement in a wider range of activities of the cooperatives, and (4) to embark a programme to inform and educate the public and public leaders about cooperative values and their application in a modern society. With the aim of increasing organizational efficiency in the movement and emphasising the affiliates stake in the national federation, the strategic review committee also recommended (a) streamlining of the structure of leadership representation at the national federation, (b) streamlining of executive council of the federation, and (c) the increase of financial contribution from the affiliates to the federation.

4.4.3 It recalls relevant to consider the various steps necessary for increasing competitiveness of cooperatives.

4.5 Human Resource Development (HRD)

The Colombo Declaration (1994) emphasised that "Human Resource Development shall get the highest priority for achieving qualitative improvement in the working of cooperatives. As a follow-up action, countries have laid greater emphasis on Human Resource Development.

4.5.1 In India, there has been greater realisation on the part of cooperative movement and the Government of India for evolving workable HRD policies to meet their managerial requirements. The National Cooperative Union of India through its training network has introduced a full-fledged two-year MBA in Cooperative Management for creating management personnel for cooperatives. Besides, nearly 400

job-based functional training programmes have also been introduced. An action plan for revamping the junior Training Centres with the technical support of the ILO COOPNET has been prepared to meet the management training requirements of personnel. In the sphere of cooperative member education programme, greater emphasis is being given on project approach and dove-tailing cooperative education programmes with the improvements in the operational efficiency of primary agricultural cooperatives and productivity of their members apart from creating awareness among the members about the ideology and philosophy of cooperatives. Leadership Development Programme is yet another area which has received greater attention. Of late, the National Centre for Cooperative Education has been reorganised to run Leadership Development Programmes effectively. The Centre has also introduced a Diploma in Cooperative Education and Development for educational personnel of State Cooperative Unions and Cooperative Business Federations. The State Cooperative Unions which are counterpart organisations of National Cooperative Union of India at State level and nodal agency to implement Cooperative Education Programmes have also been impressed upon to revamp their programme of education. The National Cooperative Union of India undertook a comprehensive study of the working of State Cooperative Unions. Based on this study, an action programme for revamping the activities of the State Cooperative Unions is being prepared.

4.5.2 In Malaysia, the management of co-operatives are also undergoing changes where there is a tendency now to employ more professionals and trained staff especially in more established societies to cater for their expansion. There is an increased awareness among the board members to improve their knowledge and performance by attending courses to acquire knowledge and by networking with other business entities.

4.5.3 In Myanmar, great emphasis has been laid on HRD and the following steps have been taken in this regard:

1. Upgraded three Co-operative Training Schools to the status of Diploma awarding Cooperative Colleges, namely, the Central Co-operative College, the Yangon Cooperative Regional College and the Mandalay Cooperative Regional College in mid 1994.
2. Upgraded another Cooperative Training School (i.e.) the Sagaing Division Co-operative Training School to the level of a Diploma awarding Cooperative Regional College, and is hoped to be opened by September 1996.
3. Plans for upgrading the present Yangon Cooperative Regional College to the status of a Cooperative Degree College is now

underway and this project will soon be implemented after acquiring the approval of the Cabinet.

4. Co-operative Colleges have been able to run on a self-motivated and self-reliant basis. The running cost are being borne by fees for tuition and related expenses from the students.
5. Co-operative Colleges have also been able to award stipends, free tuition and scholarships to about 400 students from its own fund, contributed by donors of various co-operatives and private enterprises.

4.5.4 In Sri Lanka, attention has been given to strengthen the managerial efficiency at MPCS level. The programme of action to individually select and give attention to managerial development in selected Multi Purpose Cooperative Societies (MPCSs) through the Sri Lanka Institute of Cooperative Management, the SANASA Cooperative education programmes as well the education and technical training programmes of the NCC and the school of Cooperation could be considered as new mileposts in human resources development. The number of activities undertaken by these organisations have increased so much, it could bear great results in due course.

4.6 Impact of Economic Reforms on Cooperatives

The Colombo Conference of Cooperation Ministers greatly deliberated on the likely impact of privatisation and globalisation on cooperatives and measures to be taken by cooperatives to adjust themselves. India has a very strong private sector in every field of economy and services. Cooperatives have yet to crystallize their strategy to meet the situation.

4.6.1 In Fiji, a major change in the economy was the process of deregularization. This allowed for greater level of competition and for cheaper consumer goods to the average consumer. However, it has some degree of negative effect on the manufacturing industries which operate on the domestic markets e.g. the dairy industry. The long term impact will be possible because the local manufacturing will have to be more efficient. The cooperative movement, however, remained unaffected by economic changes, because the movement operates mostly on the domestic markets.

4.6.2 It is interesting to note a few cases of privatization of cooperatives and also, conversely, cooperativisation of private and public enterprises. For instance, in India recently a very strong cooperative urban bank has managed itself to convert into a joint stock commercial bank, which, of course, is subjudice since the majority of the members are said to be against it. A cooperative sugar factory has been leased out to private party. Sick textile mills have been cooperativised by making the

employees as the share holders under the Cooperative Law.

4.6.3 In Malaysia, Co-operatives take part in privatisation programmes of the government through equity participation and joint ventures with other companies through their subsidiaries. The recent amendment to the Co-operative Societies Act 1993 enables the co-operatives to invest their surplus funds in any body corporate registered in Malaysia and in any joint ventures, besides investing in financial institutions, in bonds or securities or in new shares listed on the Malaysian Stock Exchange. In general, co-operatives are encouraged to form strategic economic alliances between themselves both inside and outside the country for trade and the formation of business consortiums. The Malay Officers' Credit and Investment Society (MOCCIS) for example has plans to venture into plantation industry in Indonesia.

4.6.4 In Myanmar, the following state owned factories from the Ministry of Industries have been transferred to respective cooperatives:

- | | |
|------------------------|--|
| 1) Coin-rope Factory | Shwepyayeyar Industrial Cooperative Ltd. and Bogalay Township Ayeyar Bo General Trading Emporium Cooperatives Ltd. |
| 2) Leather Factory | Emporium Co-operative Syndicate Ltd. |
| 3) Enamel-ware Factory | Government Employees Cooperative Syndicate Ltd., Yangon Division. |
| 4) Feather Factory | Government Employees Cooperative Ltd., Yangon Division. |

4.6.5 In Singapore, a lone cooperative transport society has been converted into private enterprise.

4.6.6 From these instances, it cannot be said that there was any policy of privatisation of cooperative or cooperativisation of private enterprises. These are individual adhoc conversions, may be motivated by certain extraneous considerations rather than as policy decisions.

4.6.7 According to the Singapore National Cooperative Federation, ample opportunities are presented by the globalisation of economy, but at the same time competition becomes more intense, as the trend moves towards privatisation. Cooperatives cannot avoid reality of competition, if they want to remain viable and relevant to their members. To be competitive and viable, cooperatives must, therefore, address issues of efficiency and productivity in their operations and they must be innovative. Singapore Cooperatives are faced with keen competition in many of their businesses. This is why a good part of the cooperative strategic review in Singapore was aimed at increasing the organisational efficiency of the movement.

4.7 Government Support to Cooperatives

4.7.1 In India, cooperation is a State subject and hence regular financial assistance is provided under the State Plan and non-plan budget for development of cooperatives, such assistance is extended in the shape of share capital contribution, loan for working capital as well as subsidies. To supplement the efforts of State Government, the Government of India is also implementing various schemes under which financial assistance is given to cooperatives. A number of statutory corporations have been set up to assist cooperatives, like NCDC (National Cooperative Development Corporation), NDDDB (National Dairy Development Board), Tribal Development Corporation, NABARD (National Bank of Agricultural and Rural Development) also provide financial support to cooperatives. The underlying principle of Government support to the Cooperative Movement is to bring about a planned economic development of cooperatives for the benefit of the poor and weaker sections.

4.7.2 In Malaysia, according to Department of Cooperatives' information, the Government supports cooperatives in several ways including the following:

- i) training and education for board members, ordinary members, and members of the public through courses, workshops and seminars.
- ii) the publication of Manuals on co-operative accounting and internal auditing procedures.
- iii) providing subsidies, development grants and soft loans.
- iv) assistance for research.
- v) Tax exemptions.
- vi) study visits.
- vii) Quality awards to selected co-operatives as a way to inculcate the culture of excellence and good management practices in the co-operatives.

4.7.2.1 As per the information by ANGKASA, Malaysia, financial support in the form of 'soft loan' is still available to deserving cooperatives from the Cooperative Revolving Fund, managed by the Department of Cooperative Development.

4.7.3 In Myanmar, Government supports cooperatives in several ways. Cooperatives pay income tax and sales tax. But exemption of sales tax on special cases for cooperative are allowed. They are as follows:-

- (1) The sales tax on the sale proceed of cooperative for border area development are exempted.

- (2) If the sales-tax are paid by the former cooperative the latter cooperatives need not to pay the above taxes.
- (3) On 27 items of consumers goods the sale-taxes are exempted for cooperatives.
- (4) On motorcars and motorcycles purchased by co-operatives on consignment the sale-tax 25% is reduced to 15% and also the 20% tax on spare parts of motorcars and motorcycles are reduced to 15%.
- (5) The tax on turnover of Government Employee Cooperatives are exempted.
- (6) Animals and livestock breeding cooperatives are allowed the exemption of sales-tax on slaughter meat.

4.8 Measures Taken for Creating the Conducive Environment for the Development of Cooperatives

The countries have reported various measures taken by the government and the movement towards building conducive environment for the development of cooperatives.

4.8.1 In India, the Government of India have initiated action to activate the democratic process in the cooperatives and also for minimising the Government control over cooperatives to make them more autonomous. These include (i) formulation of national cooperative policy, (ii) formulation of Model Cooperative Act to democratise the working of cooperatives, (iii) strengthening of base level cooperatives i.e. Primary Agricultural Cooperatives through business development planning for making them self-reliant and efficient units, (iv) enhancing involvement of rural people in the cooperative movement by organising them into self-help groups, and activating membership of cooperatives, (v) re-orienting the role and working of federal cooperatives to make them responsive towards the need of primary cooperative societies. With a view to carry the message of impact of new economic environment on cooperatives, National Cooperative Union of India has been organising district level sensitisation programmes in collaboration with State Cooperative Unions. Nearly 200 such district level seminars have been organised. In these seminars both the conceptual aspects of cooperatives emanating from the ICA Manchester Cooperative Congress and the role of cooperatives in new economic policies have been brought home to the institutions.

4.8.2 In Indonesia, steps taken to create conducive conditions for cooperative development are distinguished in the 6th Five Year Plan.

4.8.3 Several workshops conducted to inform and educate people.

- (1) a national workshop (September 1995) in Purwokerto

City, Central Java, to strengthen the position of cooperative sector in the era of globalization;

- (2) a national workshop (December 1995) in Jakarta, on the role of the youth entering the 21st Century with the view of: "The youth of today is the leader of tomorrow". This activity is in view of preparing the youth to anticipate the 21st Century in the context of "Cadre forming" in cooperative Sector;
- (3) a national workshop (December 1995) in Semarang, conducted by Women cooperators on the fundamentals of Cooperative Entrepreneurship in the context of stimulating cooperative entrepreneurship in cooperatives, entering the 21st Century, by stimulating gender approaches in cooperative development. This is to strengthen cooperative competitiveness in the 21st Century in the context of operationalization of the governments drive on "Year of Entrepreneurship 1996";
- (4) a national workshop (December 1995) on Cooperative Business Network in Surakarta (Central Java) among University Students Cooperatives, to socialize the formation of Cooperative Business Network among University Students Cooperatives. This is in the context of formation of business networks among cooperative at local, national, regional as well as international levels. This is in view of the theme that youth/university students are elements of motivation and modernization.

4.8.4 The Law on Cooperative Nr. 25 Year 1992 is directing the executive board of cooperatives to appoint professional managers or business directors, whereas the executive board of cooperatives turns its function into supervisors or board of audit to the management. Two other important measures taken in Indonesia are:

- (1) The national cooperative federations have established the National Cooperative Business Forum (BAMUSKOPIN 1996) in anticipation to the free market and investments policies of the 21st Century (APEC and WTO).
- (2) The Ministry of Cooperatives & Small Enterprises of Indonesia has motivated the cooperative sector in anticipating the free market of 21st Century to join the partnership program, covering business partnership of cooperatives with big private enterprises in trading, share ownership, and other business ventures.

4.8.5 In Japan, as reported by JCCU, the consumer sector became stagnant under lingering recession. Consumer Cooperatives had to face

sever competition with private sector. Under such situation, in 1994, consumer cooperatives experienced the drop of sales, unprecedentedly since 1960. Regional Federations of Cooperatives and National integration through JCCU and COMO were promoted. JCCU has decided in its Five Year Plan 1996-2000 to encourage affiliated retail societies to develop 850 new supermarkets/super stores in total by 2000 in order to survive the intensifying competition. In order to let the cooperators know about the Manchester Principles, JCCU published 60,000 copies of ICA pamphlets and 8000 copies of books and by holding meetings of for coop. staff and members.

5. Further Follow-up Action on Previous Recommendations

Full impact of the Declarations and Recommendations of previous Conferences of Minister of Cooperatives is yet to be felt by National Movements. There is no perceptible change in the overall environment and Government-Cooperative relationship in most of the developing countries in the region, in spite of National Ministers commitment at the Conferences. It is partly because of changes at the level of Ministers and partly because Cooperatives, with all said and done, do not command priority in governments' thinking and policies. As said elsewhere in the Paper, what is required is change in the attitude of the bureaucracy and the government. With the implementation of previous recommendations and integrated genuine cooperative system will emerge in the countries with members participation and working of the cooperatives in accordance with the Cooperative Principles. Attention may be drawn to the following recommendations of previous Conferences for implementation:-

- Incorporation of the whole and importance of Cooperatives in the Constitutions of the respective countries - (Sydney Conference Recommendation No. 3.1).
- Formulation of National Policy in consultation with Co-operatives - (Sydney Conference Recommendation No.3.2).
- Support to Co-operatives in building a self-reliant strong cooperative sector - (Sydney Conference Recommendation No. 3.4).
- Enactment of Progressive Cooperative Laws in conformity with the Cooperative Principles in consultation with the movement - (Sydney Conference Recommendation No. 3.5).
- De-officialization and de-politicisation of cooperatives - (Sydney Conference Recommendation No. 3.6).
- Professionalisation of Management personnel - (Sydney Conference Recommendation No. 3.8).

- Transfer of functions of audit, inspection, supervision and responsibility of elections etc. to cooperatives - (Sydney Conference Recommendation No. 3.9).
- Promotion of Cooperative Values/spirit - (Sydney Conference Recommendation No. 3.10).
- Conferment of National distinctions and awards on distinguished/dedicated cooperators - (Sydney Conference Recommendation No. 3.11).
- Building of Cooperatives as an integrated system with inter-cooperative linkages - (Sydney Conference Recommendation No. 3.12).
- Promotion of democratic participation of members in decision making - (Sydney Conference Recommendation No. 3.13).
- Introduction of cooperation in schools, Colleges and Universities - (Sydney Conference Recommendation No. 3.22).
- Involvement of Cooperatives in National Planning from village upwards - (Sydney Conference Recommendation No. 3.18).
- Involvement of intelligentsia in the process of cooperative development - (Sydney Conference Recommendation No. 8.4).
- Building of accountability of elected management and office bearers - (Sydney Conference Recommendation No. 8.6).
- Promotion of technical cooperation among developing countries - (Sydney Conference Recommendation No. 9(c)).
- To formulate and adopt a code of conduct for the office bearers/board of directors to prevent the misuse of cooperatives - (Sydney Conference Recommendation No. 8.12).

With the implementation of the recommendations of the three previous Ministers' Conferences, and particularly the above, cooperatives will emerge in the region as a value oriented genuine cooperative movement.

6. Adoption of Reformulated Cooperative Definition, Principles, and Values

6.1 The reformulated Cooperative Principles, Values and the definition are essential ingredients of the Cooperative Identity. It was adopted at the Manchester ICA Congress (1995), and has great conceptual and philosophical significance, since they aim at strengthening the basic character of cooperatives. Originally, the Cooperative Principles, based on Rochdale Pioneers Working Rules, were formulated in 1936, then revised in 1966 and then again in 1995. Manchester's Congress has also revised the definition of a cooperative, which is very significant from

several point of views. The ICA Geneva as also the ROAP New Delhi have given wide publicity to the revised Cooperative Principles and Cooperative Identity through their publications. The new Cooperative Identity needs to be incorporated in the Cooperative Laws. Action has been initiated by the National Cooperatives and Governments for their popularisation and operational adoption.

Definition

“A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

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

Principles

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

“1st Principle : Voluntary and Open Membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

“2nd Principle : Democratic Member Control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

“3rd Principle : Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefitting members in proportion to their transactions with the

cooperative; and supporting other activities approved by the membership.

“4th Principle : Autonomy and Independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

“5th Principle : Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

“6th Principle : Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

“7th Principle : Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

The first three principles essentially addressed the internal dynamics typical of any cooperative. The last four affect both the internal operation and external relationship of cooperatives. It is relevant and essential to refer to the rationale for the re-statement of principles”.

6.2 The revised definition, values and Principles, however, are yet to be incorporated in the Cooperative Laws in various countries. Their legal acceptability is essential because what is incorporated in Cooperative Laws is taken for granted as authentic and valid. The Cooperative Leaders in respective countries have to lobby with the concerned Ministry, influential Members of People’s House of Representatives (Parliament) for expeditious incorporation in Laws. These elements - definition, values and principles have set globally new direction to cooperatives.

6.3 The Government of India has reported that they appreciate the new set of Cooperative Principles recommended by Manchester ICA Congress.

6.4 In Indonesia, the Government is aware of the Manchester recommendations, particularly about cooperative identity.

6.5 In Fiji, the Cooperative Movement and Government are aware of

the Manchester recommendations. The definition of Cooperatives and Values are recognised and will be written into the new Cooperative Legislation, so also the new Cooperative Principles.

6.6 The Government of Malaysia has reported the following follow-up action in regard to Manchester Statement on revised Co-operative Principles and Values.

- The Department has informed all co-operatives of the ICA Conference declaration through its publication (WAWASAN) which were distributed free to all co-operatives in the country. The National Co-operative Organisation of Malaysia (ANGKASA) has also done so in their publication PELANCAR.
- In the selection for quality awards for the year 1995, one of the criteria that was considered was the contribution of co-operatives to the betterment of society in line with the policy of a caring society adopted by the government. This is also in the spirit of the seventh principle i.e. 'concern for society' as enunciated in Manchester in 1995.
- Efforts are being made to promote co-operatives among new target groups such as the factory workers as well as residents in housing estates and new townships. The nature of the activities would be social oriented involving members of the community of those areas.
- Co-operatives will be required to allocate a certain percentage of their total turnover for community services under the proposed amendment to the Co-operative Act, 1993. The social responsibility clause is to ensure that profits made by co-operatives benefit not only members but also the society in general.
- ANGKASA has reported complete agreement with the statement of identity. It has been propagating Cooperative Identity, Principles and Values by way of courses/member education carried out by its eleven Education Officers. In 1995, more than 28,000 cooperators attended these courses.

6.7 The Singapore National Cooperative Federation has reported that the Manchester "Statement and new set of Principles have been accepted and adopted by it and have been circulated to all its affiliates".

6.8 In Sri Lanka, NCC translated ICA's statement on Cooperative Identity into vernacular languages for wide distribution for the information and knowledge at the grassroots level. The revised principles have been incorporated in the proposed draft legislation. The Community Service principle of cooperation has been used in Sri Lanka as the theme of International Cooperative Day celebrations in 1996. This has

been further transformed in action by the organisation of community service activities of varying order. It has created eagerness and enthusiasm to be thought provocative of the new principle of cooperation. Sri Lankan Cooperative Movement believes in cooperative values as very important. Since economic activity is main thrust of the business the economic values are considered as the means of economic well-being of the membership. The forward and backward linkages of cooperative economic activity are considered important to achieve the needed levels of economic well being. The second value is the social value of being a cooperator. The cooperative democracy, solidarity, mutual help and trust etc. will have to corner stones of this value. The Cooperative membership becoming more responsible to the community is envisaged through the social values. The third value appreciated by the movement is based on the ethical values of cooperation. Equality, liberty, faithfulness, honesty, etc. are the cornerstone of this value. It is urgently needed to adopt and put in operation the new Cooperative Principles and identified values for maintaining cooperatives superiority and distinct identity in the new environment.

7. Cooperatives in Changing Socio-Economic Environment

7.1 What is the change about? Each country in the world evolved its own pattern of economy. The socialist or communist countries adopted centrally planned and directed economic pattern. While some countries had adopted capitalist or market oriented economy; still others a mixed economy pattern in which the public sector playing important role in certain economic areas/activities along with the private sector. Countries have also administrative controls and interventions through licensing, regulated import and export, administered prices, interventions in the market, grant of subsidies and incentives, regulated distributing system, etc. In short, the national economies were partly open and partly closed.

7.2 With the disintegration of centrally controlled economy countries and increasing role of international financing agencies for economic development, a global economic pattern based on greater freedom and open markets system has been envisaged. Consequently, public sector is being squeezed, regulations and licensing system is gradually being done away with, imports and exports are being fast liberalised, governments intervention is being withdrawn, open and equal opportunities are to be given to all, private initiative and investment to be encouraged in various sectors, particularly in building infrastructure, entry of multi-nationals, foreign banking institutions in various countries having business opportunities, freedom of profiteering and profit making, re-orientation of fiscal policies, etc. No country aims at socialism or socialistic pattern of society; but every country emphasises to narrow

the gap between haves and have nots, alleviation of poverty, generation of employment, food, health care and housing for all, economic development with social justice, etc. In short, the emerging economic change aims to establish a liberalised economic order as basic approach and outlook all over the world. The changing environment necessitates structural adjustments, management re-orientation based on innovative approaches and adoption of technology, change of attitudes. The new environment has initiated a race in which the survival will depend on how far and how fast the adjustments are made at micro and macro levels. That is the challenge before the cooperatives in the changing environment for their sustained growth and working.

7.3 The changing environment is being spurred by the globalised economy, which consists of, broadly speaking, four elements, namely, liberalisation, de-regulation, privatization, and marketization. Liberalisation means doing away with the licensing system and minimisation of government's prior sanction and restriction for investment. Privatization means any process which reduces the involvement of the State or the public sector in the economic activities of a Nation. Privatization process is generally in keeping with the spirit of liberalization and de-regulation. Marketization implies competition based on the situation of demand and supply of goods and services. Globalization means liberalization of import and export trade by eliminating the national tariff barriers. Put together these aspects are popularly known as Economic Reforms/New Environment. The Economic Reforms are based on the assumptions that they will lead to low inflation, higher productivity, accelerated economic growth, larger employment generation and enhancement of export. However, the experience of various countries is that these reforms cannot be taken for granted as a panacea for all economic ills anywhere and everywhere whatever the situation; but subject to appropriate safeguards, they can be an effective tool to economic generation.

7.4 Reverting to cooperatives, it is necessary to caution that these reforms need not be applied indiscriminately, so that they do not destroy or upset the already built and successfully working cooperatives and cooperative system.

7.5 In this context, a reference may be made to a Critical Study on Cooperative Legislation and Competitive Strength conducted by Mr. Ibnoe Sodjono and Mr. Mariano Cordero on behalf of ICA ROAP, New Delhi, with Drs. Robby Tulus as coordinator of the study, covering Indonesia, Malaysia, the Philippines, Singapore and Thailand. The study has revealed facts and findings, made recommendations, which call for serious discussion and concerted action to enable the cooperatives to sustain themselves in the changing environment. Background

Paper II contains in detail the findings and recommendations of the study.

7.6 The situation is similar elsewhere in the developing countries in the Asia-Pacific region, as in the countries covered by the above study. In India, Co-operative Sugar Industry has established its excellence and superiority from any standpoint sugar industry in private and public sector. The co-operative sugar sector produces more than 60% of the national sugar production. However, the Government is considering de-licensing of sugar industry. So far the government has not implemented the policy of de-licensing of sugar industry. Similarly, development of dairy on co-operative basis has established its international reputation. A number of countries are following the Indian dairy pattern of development. It would be erroneous and to the disadvantage of the small and marginal farmers and landless labourers who depend mainly on milk production to allow freely the private investment in these sectors. However, private dairies have started entering cooperative areas.

7.7 Government's hold and intervention continues in spite of agreement at the Ministerial Conferences and commitment to declarations and recommendations thereof. The excessive bureaucratization and politicization are matters of great concern and there are no visible signs and indications for relief. It is because cooperatives extend economic favours and assistance, which political parties and politicians exploit for party and personal aggrandizement. The interesting aspect is that each political party, when comes to power, immediately replaces the elected managements of cooperatives to nominate its own partymen, on the plea that the other party was exploiting and mis-using cooperatives. Bureaucracy has its own interest and it knows how to maintain the status-quo of power and privileges which it enjoys.

7.8 Like in the above South East Asian countries, cooperative is not exclusive subject of Ministry of Cooperation. In India, for instance, Ministry of Agriculture is the nodal Ministry for Cooperatives. However, different segments of cooperatives are dealt by different Ministries, such as, Housing Cooperatives by the Ministry of Urban Affairs and Employment, Consumer Cooperatives by the Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Dairy Cooperatives by the Ministry of Agriculture, etc. Administration of Cooperative Law and Management and placement of Central Registrar of Cooperative Societies is in the Ministry of Agriculture. Several aspects of Sugar Cooperatives are dealt by the Ministry of Food. Industrial Cooperatives in the Ministry of Industry. In Sri Lanka, cooperatives are placed in the Ministry of Cooperatives, Provincial Councils and Indigenous Medicine. There are also multiple financing agencies which exert their influence on cooperatives, such as, in case of India, Reserve Bank of India, National Bank for

Agriculture and Rural Development, National Cooperative Development Corporation, National Dairy Development Board, Housing and Urban Development Corporation, etc.

7.9 In regard to competitiveness, cooperatives are at a disadvantage, whether the agriculture business cooperative, agriculture credit cooperative, consumer cooperative or any other kind, in the developing countries of the region. There is insufficient level playing field for cooperatives. Primary Cooperative Societies are still very weak. Agricultural credit cooperatives have to compete with Government Banks. In India, agricultural credit cooperatives face competition with regional rural banks and other financial banks. Recently, the present government has taken a decision to promote local rural banks in the villages with which the agriculture cooperatives will face further competition. Agricultural Business Cooperatives compete among themselves. The apex do not respond to the needs of their affiliates or feel accountable for the efficiency and good health of their constituents. The apex function in the open market rather than dealing with their members. Consequently, integrated cooperative system could not be evolved, which would have safeguarded and enhance the competitiveness of cooperatives. There are mounting overdues, people not repaying loans in the hope that they may be waived off. For pure political reasons, for instance, in India, the Government at the Centre in the recent past took a decision to waive off all the loans upto Rs.10,000/-. This not only reduce the competitiveness of agricultural credit structure, but threaten its very existence. There is mushroom growth of cooperatives to avail of concessions and facilities given to cooperatives. A case of India again, labour cooperatives are dominated by labour and construction contractors, weavers' cooperatives by master weavers, weaker section cooperatives by shrewd and resourceful persons. There is gross lack of competent leadership from among the members, consequently governments dominance.

7.10 Freedom should not be an instrument to disturb already successfully built and time tested cooperative structure in various fields. In fact, the government should protect cooperatives where they have successfully established themselves, and helped the farmers and consumers or the weaker sections of the society. It is necessary to evolve certain specific norms and conditions wherein the private sector should be allowed to enter the activities which, could not be cooperativised.

7.11 Precisely, at present, working of cooperatives is conditioned by several factors and complexities - observance of Cooperative Principles, adherence to ethical values in business and dealings with members, timely and satisfying services, social outlook in serving the weak and the poor, politicisation and bureaucratization of management, Government's interventions, indifference of members, no liberalisation of coop-

eratives as that of private sector, isolated working of individual cooperatives, withdrawal of government patronage, limitation of lack of financial and other resources, agency to implement government schemes and programmes, lack of strong and competent leadership from among the members, intensive publicity and advertising by private sector through print and electronic media, structural/organizational weaknesses, limited availability of infrastructural facilities, unhealthy competition, etc. It is certainly difficult for cooperatives working anywhere in such situations to have a smooth sailing in the new economic environment, which has its own characteristic working. Cooperatives will have to steer out their way strategically and prudently with determination and resolve in collaboration with and active support of governments.

7.12 The relevance of cooperatives, however, with all their weaknesses and shortcomings, fears and apprehensions arising from competition, has been globally accepted. In the Asia and the Pacific region, the three previous conferences of Ministers of Cooperatives emphasised the inevitability of cooperatives as means of development. The Sydney Declaration of Conference of Ministers recognised "the vast potential of Cooperation as a self-help and mutual-aid movement in transforming economic and social condition of the people for a better and happier society based on democratic and moral values, social justice and peace; the suitability and essentiality of cooperatives as one of the most appropriate agencies for accelerating economic development and social advancement, and in meeting the aspirations of the peoples". The last Colombo Conference Declaration likewise stated that "the Cooperative Sector is as important and imperative as public and private sectors in its contribution to the socio-economic well being of the people - especially in view of rapid and drastic changes in the environment arising from deregulation, privatisation, marketization, and globalization of the economies in the Asia Pacific countries - inasmuch as the Cooperative Sector basically encourages initiatives and popular participation of people (peoplization), democratization, ensuring at the same time social justice and economic decentralisation".

7.13 Thus, there is no dispute about the relevance and importance of cooperatives in the new environment. The Colombo Conference had also identified in the background paper the main areas, where cooperatives will have vast scope to organize and operate, viz., a small and marginal farm producers who constitute the bulk of farming community in the Asia-Pacific region, the landless labour, the artisans, consumers with limited income, weaker sections of the community, etc. No multi-nationals would be interested in their welfare and upliftment. They may instead exploit them for their benefit.

7.14 The basic question, therefore, is sustainability of cooperatives in the new economic environment. One possible healthy outcome of new

economic environment may be elimination of the pseudo cooperatives which existed just to avail of governmental concessions and benefits. In the competitive process the genuine cooperatives will undoubtedly survive. The basic ingredients of genuineness are:-

- Organization of cooperatives on the basis of the felt needs of the members;
- Involvement of members in developing the internal resources of cooperatives;
- Management by democratically elected Board of Directors;
- Independent decision making;
- Observation and adoption of Cooperative Principles.

7.15 The efforts should be made jointly by government and cooperatives to promote cooperatives based on the above five elements besides others. To be specific and precise, the cooperative-government collaboration is needed to strengthen the following aspects to develop sustainability in cooperatives:-

- Service to Members : Cooperatives are organizations by the Members, of the Members and for the Members. Members are the owners, users and investors - all three in one. Members are the best and perennial source of internal strength to the organization. Every activity is to oscillate round and for the members. Campaigns to enrol new members be launched.
- Member Education and Information : This constitutes one of the principles of cooperation. To sustain members interest and loyalty, member education and information system needs to be strengthened at all levels. Cooperation is an educational movement for achieving socio-economic objective. The more knowledgeable and enlightened the membership, greater will be their involvement in and support to sustainability of cooperatives.
- Management : Efficient management is one important factor which plays key role in the success of cooperative. Cooperative Management is more complex than management of either the public or private undertaking. Cooperative Management is to combine democracy, human aspirations, values, observance of legal complexities, cooperative principles, provisions of the bye-laws, etc. It is necessary, therefore, to professionalise the management and orient it from time to time to cooperative ideology, philosophy and experiences in other successful cooperatives.
- Cost and Quality Consciousness : In competition, the principle

of 'survival of the fittest' operates. The two important elements are the quality of goods and services supplied by the cooperatives and the component of price. Wherever cooperatives have succeeded, these two elements have played significant role among others. It is necessary, therefore, the cooperatives should be both cost and quality conscious.

Cooperatives world over are known as a movement and as a distinct economic system. But judging from the yard stick of performance and nature of development of cooperatives in the Asia-Pacific region, it has not developed either as a Movement or economic system. There are some very shining cooperative stars in every country, but they are isolated success stories. It is necessary to build cooperatives both as a popular mass movement and as an integrated economic system from village cooperative societies to international level. Once this is achieved, cooperatives will have no fear of competition. This is a way to fight the multi-national corporations as also the domestic giant enterprises.

Amendments in the Cooperative Laws should be affected expeditiously on priority basis, incorporating, inter-alia, the reformulated Cooperative Principles, values and re-definition of cooperatives. The approach in the amendments should be minimization of government's intervention and maximization of members empowerment.

The Law should be simple and specific not open for different interpretations and litigation.

Special Programmes to be designed for organizations of women's cooperatives as also for increasing membership of women in other cooperatives. The reservation for women on the Board of Directors may also be provided.

In order to increase the competitiveness of cooperatives, measures may be considered in the following direction:

- The structure of cooperatives should be reviewed in every country and the tier which is not needed should be eliminated and gaps filled-in.
- Target oriented Membership drives should be launched to increase the membership of each kind of society depending upon the availability of resources and other requirements.
- Cooperatives should build their goodwill and image through transparency, production and pricing policy.
- Cooperatives should build their internal resources to

minimise dependence on government for finances.

- Cooperatives should enter new areas of services, like health, education, agro-processing, etc.
- Certain measures are necessary for providing level playing to cooperatives, such as:
 - * Freedom of decision making.
 - * Equality with private sector in regard to liberalization and deregulation.
 - * Equal infrastructural and other facilities as available to public sector and private sector enterprises.
 - * A specific place and role of cooperatives in various economic policies.
 - * Compensation or neutralization of incidence of taxation to cooperatives to equalise taxation effect, since it is obvious that there is lot of evasion of taxation by the private enterprises, which make them more competitive.
 - * Compensation to cooperatives for being used as agency for implementation of governmental schemes and programmes, which frequently put the cooperatives to financial loss.
 - * Preference to cooperatives for being instrument of social justice.
 - * Protection to cooperatives against entry of MNCS and TNCS in areas and activities where cooperatives have well established themselves structurally/organizationally, viably and purposefully.
 - * Protection of cooperatives from politicisation and bureaucratization.
 - * The recommendations made by the Critical Study on Cooperative Legislation and Competitiveness should be analyzed and examined for implementation, which have been dealt with in Reference Paper-II.

8. Suggestions for Agenda for the 4th Cooperative Ministers' Conference

The National Cooperative Union of India has suggested the following subjects for inclusion in the agenda of the 4th Ministerial Conference:

1. Actualization (preparation of Action Programme) of cooperative identity statement adopted at Manchester.
2. Promotion of international trade on cooperative to cooperative basis.
3. Structural adjustment and cooperatives.

Indonesia has suggested the following two subjects for inclusion in the agenda of the 4th Conference.

1. *Cooperative Strategic Alliances among Cooperatives at regional and international structures.*

The reason given for inclusion is that the principle of "Cooperation among Cooperatives" should be materialised according to the statement that cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures".

2. *Cooperative Entrepreneurship development in challenging the 21st century.*

This has been suggested to strengthen the cooperative competitiveness in challenging the 21st century, cooperative entrepreneurship should be included in the management strengthening programmes at all levels of cooperative performance.

The Policy and Development Division, Ministry of Land and Cooperative Development, Malaysia, has suggested the following to be included in the agenda of the 4th Cooperative Ministers' Conference:

1. *Co-operation through Internet - To enhance the sharing of information, co-operative training and education and business opportunities among the ICA members.*

Rational - Global networking leading to business ventures can be made possible through Internet. At the same time, co-operative education and training can be encouraged by the participation from all over the world.

2. *Nurture loyalty from young - the role of school co-operatives.*

Rational - Members apathy is a global phenomena which leads to dormant and ineffective co-operatives. Formation of co-operatives in schools can inculcate positive attitudes whereby as adults later on they can become active members of the movement. The conference should seek to discuss the relevance of promoting the movement in schools in the context of Malaysian experience.

3. *Co-operative Business Ethics - The need to reexamine co-operative business ethics as against co-operative values and principles.*

Rational - Privatisation and the development of the market economy have significant impact on the co-operative movement in particular on their management style and the apparent conflicts with co-operative principles. There need to be a balance between those two ideologies.

ANGKASA, Malaysia, has suggested that an agenda on School Cooperatives be included.

The Secretary, Ministry of Cooperation, Sri Lanka has suggested the following to be considered at the 4th Co-operative Ministers' Conference 1997:

1. Maintaining of a regional roster of experts to be made available as and when required by various movements in the region and to create a fund for this purpose.
2. Participation of cooperatives in certain activities which have been the forte of the private sector, such as Banking, Insurance, Consultancies, etc.

REFERENCE PAPER-II
**Critical Study on Cooperative
Legislation and Competitiveness**
Mr. Ibnoe Soedjono and Mr. Mariano Cordero

INTRODUCTION

The above Critical Study was commissioned by ICA ROAP under the direction of Drs Robby Tulus covering a three month period from March 01 to May 31, 1996. It included five countries, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. The objectives of the study, as provided in the Terms of Reference, are as follows :

"To produce a Critical Study Report which will assess the following areas of concern in terms of impact and changed positions of co-operatives in the Asia Pacific Region, and to identify lessons learned, namely :

1. To determine the extent to which legislation and policies of various governments in the Asia Pacific region have been transformed to become "facilitative" or "enabling", in order for co-operatives to strengthen their autonomy and independence;
2. To ascertain the extent to which (sampled) co-operative organizations in Asia, under the South East Asia sample, are able to compete in the market place while at the same time retain their identity as a "Co-operative" as adopted by the Manchester ICA Centennial Congress.
3. To carefully assess the effectiveness, deficiencies, risks, and existing potential of Financial and Banking Co-operatives in select countries in Asia;
4. To carefully assess the effectiveness, deficiencies, risks and existing potential of co-operatives involved in Agri-Business, including - but not restricted to - property rights, agricultural production, processing and marketing, in select countries in Asia;
5. To study the impact generated by past conclusions and recommendations of the Ministers Conferences since the first one held in Sydney in 1990, and the changes that have taken place as a result.

The study also seeks to recognize existing realities in the co-operative movement/system, and will attempt to pose recommendations

based on updated information and data from credible sources, and based on objective observations. The study is anticipated to provide cooperators and government officials to take an objective look at the "real" cooperative picture in this region after the Study has been tested at two successive Symposia, one on financial intermediation and one on Agri Business.

SUMMARY FINDINGS AND CONCLUSIONS

The most discernable impact of the ICA ROAP-Sponsored Co-operative Ministerial conferences among the countries reviewed is the enactment or drafting of new cooperative laws designed to closely conform with cooperative principles advocated during these conferences. Malaysia, Indonesia, the Philippines enacted new cooperative laws just after 1990, more or less in line with the Sydney Declaration. Similarly, Thailand has drafted a new Co-operative Act but is hampered by frequent changes in its government.

A. Beyond the Proclaimed Policy Environment

Based solely on the provisions of their new laws and current stated policies, governments are seen to be shifting away from being interventionists and taking on a more supportive (and passive) role in co-operative development. Notwithstanding the present laws and policy statements, however, governments continue to pursue inappropriate development strategies and programs given the following :

1. *Large Government Development Bureaucracies*

Except for Singapore and the Philippines, ministries or agencies in charge of cooperatives are large bureaucracies with the resources and manpower that allow them to permeate to the district level. Even in the medium term it will be difficult to expect a reduction of governments' pervasive role since co-operative promoting bureaucracies (and politicians that benefit from them) could easily justify their continued existence and even find powerful advocates for expanding their resources and sphere of influence. Unfortunately, large bureaucracies long staying bureaucrats are more likely to hold on to their conventional views. Thus, inappropriate concepts will continue to influence governments' efforts in co-operative development for some time.

2. *Many Major Players*

The ICA ROAP conferences largely involved the cooperative ministers or authorities for obvious reasons. It was observed however, that cooperative development is not the exclusive turf of the designated authorities. The promotion of co-operatives is often a cornerstone activity of many development strategies, especially for the rural-agricultural

sector. Thus, many government agencies promote co-operative formation directly or indirectly due to their individual mandate or part of a total government effort in national development. As independent bureaucracies, they operate beyond the control of cooperative authorities' control. Examples of these are: agricultural ministries and related agencies, state (agricultural) banks, food or agricultural marketing authorities, as well as some parastatal bodies. Some of these entities actively create "co-operatives", usually without a shared vision of cooperative principles, and are often at odds with the efforts of the cooperative authority.

Another set of major players are the multi-lateral and bilateral funding agencies which exert substantial influence over policy formulation in these countries. Many of these agencies also nurture misconceptions of co-operatives because their experiences are limited to government programs or approaches. The result is a paradox of : (i) the continued perpetuation of donor-supported government programs using overnight "co-operatives" as conduits; and (ii) a growing mistrust among some donor agencies of the cyclical creation of "boom and bust" co-operatives under the very government programs which these agencies support.

3. *Cooperative Development Subsumed into Broader Objectives*

Governments in developing economies give high priority to such objectives as food security, poverty alleviation or eradication, increasing agricultural productivity and ensuring social justice and equity. Strategies to achieve these goals continue to be laced with packages of incentives and services to weaken the resolve of "target beneficiaries" to form self-help societies. There is also a tendency for governments to "fast track" development efforts and to be impatient with long gestating but proven processes in co-operative formation. The classic government rural development strategy invariably involves the rapid creation of "co-operatives" of target groups to rationalize the delivery of the following services to them, namely : (i) massive provision of cheap credit; (ii) provision of highly subsidized inputs; (iii) direct marketing support or price control mechanisms for agricultural produce; and (v) direct management of co-operative affairs by government or parastatal staff.

"Co-operatives" continue to be created and promoted in order to make efficient the delivery of such services (especially credit) which governments perceive as vital to the pursuit of broader objectives. Co-operatives are still formed to be dependent on government, with members facility to imbibe values that will enable them to sustain a viable self-help society. For example: many studies have consistently shown that: (i) the massive provision of cheap government credit discourages savings which is central to co-operatives self-reliance; (ii) government credit is usually viewed as dole outs and weakens credit discipline; (iii) subsidies

and unbridled market support creates dependency and promotes inefficiencies; (iv) government programs often do not match the absorptive capacity of cooperatives due to excessive performance targets, and (v) direct government intervention stunts the self-sustaining capacities of societies.

4. *Socio-Political Agenda Vs. Cooperative Development*

In many instances these questions were raised by private co-operative advocates : (a) Do governments really want strong cooperatives?; and (b) If so, which type of or what kind of co-operatives? These questions are raised because co-operatives could be viewed as a double-edged sword: one blade as the cutting edge for national development and as a levelling tool against social inequities; while another blade is seen as a threat to political stability if used by some "misguided elements" for socio-political ends. Strong governments are usually uncomfortable with the growth and strength of an independent movement, preferring to exercise patronage (that could be effectively distributed through "co-operatives") to perpetuate control and dominance. A strong private-led co-operative movement would not be awed or indebted to government, a serious concern for some sectors within the circle of power.

Some observed indicators which confirm governments' ambivalence on having a strong co-operative movement include : (i) instances of strong private-led cooperatives being officially ignored or refused registration; (ii) the politization of or strong presence of government in apex organizations, apparently to ensure adherence to a political agenda; and (iii) continued government intervention in cooperative affairs varying from direct management of some societies to a co-operative strategy where the demands of political exigencies prevail over the application of accepted co-operative principles. Many co-operative advocates argue that governments are interventionists towards co-operatives if only to ensure that the societies would not wander beyond mundane economic affairs to engage in politically sensitive undertakings.

B. Cooperative Competitiveness in General

1. *Dichotomy in the Cooperative Movement*

In the countries reviewed, there is a dichotomy of government-supported agri-based cooperatives and private-led cooperative societies. What is clearly emerging in all the countries is the vibrant and self-sustained growth of the private-led cooperatives. No doubt, the growth and viability of these cooperatives were greatly enhanced by the improved policy environment. Yet, even where government strategies and policies are less than supportive, many societies are coping well through sheer perseverance and strict adherence to cooperative principles. On the other hand, government-initiated agricultural cooperatives generally

remain weak and need to be propped up by continued support (subsidised operations, direct management, etc.) or are left to fail as the provision of massive government support to them becomes unsustainable.

2. *Pitfalls of Growth and Expansion*

Self-sustaining cooperatives are found to achieve rapid growth once it reaches a certain critical mass in terms of resources and membership. This is expected since this implies wider public acceptance and adequate resources that enable the cooperatives to: (i) avail of professional management; and (ii) provide better and more diverse services. These in turn enhance membership patronage and loyalty, that triggers still wider acceptability from potential members.

However, rapid growth and expansion of societies are also creating some problems due to : (i) the perception that some conventional co-operative principles and accepted practices are becoming impractical due to membership size and diversity of operations (e.g., slow decision making due to democratic process); (ii) societies being increasingly exposed to keen and cut throat marketplace competition as they become major players in business activities; (iii) governments' concern with potential impact of adverse operations of large cooperatives (e.g., failures in large financial co-operatives could threaten the stability of the financial system - as in the Malaysian case in the late 80s); (iv) legislative inadequacies to strike a balance between governments control concerns to protect the public and the co-operatives' desire for flexibility to pursue increased business options; and (v) inadequacy of apex organisations to respond to the diverse and specialised needs of large co-operatives.

Two corollary issues are also emerging due to the unprecedented growth of societies. First it is the opinion of some co-operative advocates (notably from Singapore) to add "Enhancing Co-operative Competitiveness" to the current list of accepted co-operative principles. This is to ensure membership loyalty through better or diverse services, specially in the light of increasing competition and trade globalisation. Second: some large cooperatives are seriously considering conversion to corporations to have more flexibility in pursuing business opportunities, a move feared by strong co-op advocates as a departure from the true essence of co-operativism.

C. Competitiveness of Agricultural Cooperatives

Across the Region, government intervention and support is very pronounced among agricultural co-operatives. This is due to the countries large rural agriculture base where a large majority of their poor are also found. It is in this sector that cooperative promotion is more vigorously

pursued but is also likely to be subsumed under broader national objectives. Moreover, it was observed that each country adopts varying approaches despite similarity of their problems, resulting in varying degrees of competitiveness of the agri-based cooperatives, as discussed below.

1. Malaysia

At a glance, Malaysian co-operatives in the tree crop estate subsector appear to be the most competitive in terms of size of resources, diversity of operations and level of management. Government is making full use of Malaysia's competitive edge in the tree crop (e.g., oil palm, rubber), in assisting or promoting co-operatives in this subsector. However, the perceived competitiveness of the co-operatives created is highly dependent on heavy government intervention through massive financing, granting of monopolies for co-ops on certain activities, full marketing support and direct hand on co-op management by parastatal entities. It is doubtful whether these cooperatives would remain truly competitive once government support to them is stopped. Co-operatives or Farmers Organisations (FOs) of small farmers in the food crop subsector appear to be even much worse off. Government personnel continue to directly manage these FOs, because these societies are still deemed incapable of self-management, even after two decades of direct government intervention.

2. Indonesia

Similar issues are raised on the Koperasi Unit Desa (KUD) concept of Indonesia, which is the center piece of government's cooperative development strategy. KUDs continue to receive subsidised credit and monopoly participation in government distribution and procurement schemes. KUDs resources are reported to be increasing but internal savings remain negligible reflecting the weak status of KUDs and implying that government support - hence not necessarily membership commitment - remains the fragile lifeline of the KUDs. Private-led dairy co-operatives however, appear more self-sustaining and viable. Despite the threat of globalisation, dairy co-operatives are reported to be confident that even with minimal government support they could cope with the expected onslaught of formidable foreign competition.

3. Thailand

Thai agri-based co-operatives, without qualification, appear to be the most competitive in the Region in terms of number, membership, product diversity, total resources, internal fund generation and level of operations. Apart from its promotional effort in co-operative development, the Thai government has consistently pursued macro-economic and

agricultural policies that led to the overall strengthening of its agricultural sector. These policies have long been global-market-oriented while addressing domestic needs. The past and present government measures which are now paying off include, among others: (i) packages of incentives and technology to encourage product diversity; (ii) massive investment in infrastructure, notably in irrigation; (iii) balanced tariff structures which provided protection; and (iv) incentives without promoting inefficiencies in the sector. All these, combined with an export-oriented and progressive agro-based private sector, have resulted in a dynamic Thai agricultural sector, benefitting the agri-based societies.

However, while there are many self-sustaining primaries, secondary and tertiary apex societies are still plagued by serious management problems. Apparently, the volume of business at the apex levels create too much "moral hazards" and tempt coop apex officials towards deviant behaviour. This perhaps is the most serious threat to the competitiveness of Thai agri-based coops. Corollary to this is the recent move of the Bank for Agriculture and Agricultural Cooperatives (BAAC - a state bank) to promote its own version of provincial federations with its active creation of Agricultural Marketing Cooperatives (AMCs) in all provinces. BAAC also set up the Thailand Agribusiness Corporation (TABCO), which is a corporate body but functions very much like an apex cooperative. While this is well-meaning and meant to address the failings of federations, this is seen to be a divisive move by the existing secondary and tertiary apex organisations, a view also shared by government cooperative authorities.

4. *Philippines*

Philippine agri-based societies appear to be the most vulnerable in the Region as government continues to grapple with the effects of decades-old macro-economic and agricultural policies which have stunted Philippine agriculture and are seen to be bias against small farmers. These include: (i) inadequate investments in irrigation and rural infrastructure; (ii) inadequate technology and extension support for crop diversification, limiting the income opportunities of small farmers; (iii) heavy bias for food production programmes which lock farmers to a few "potential crops" (e.g., rice or corn) where price controls and government market intervention result in narrowing of farmers income spreads; (iv) exchange rate and tariff structures which worked against the agricultural sector; (v) lack of consistency in the agrarian reform programme which discourages private sector investment in agriculture and (vi) unsustainable credit programmes which spur the development of "mushroom cooperatives".

About 6,000 "mushroom" agri-based cooperatives are now in various state of collapse with the stoppage of the unsustainable credit programme

that caused their emergence in the early 1990s. There are only a few viable societies whose number (less than 200), membership and resources are negligible compared with the sector's potentials. Even these coops have doubtful competitiveness, excepting the fact that they have remained self-sustaining and viable through all these years by following the basic cooperative principles.

D. Competitiveness of Financial Cooperatives

Thrift and savings societies are the backbone of cooperative strength and are shining examples of true cooperative spirit in the Region (surprisingly, except in Singapore). They have rapidly grown in the last decade and have established a definite niche between traditional informal lenders and the formal banking systems. Societies in Thailand, Malaysia and the Philippines, are now in the crossroad of mainstream banking, where the setting up of an apex (central) bank for cooperatives are being advocated or where large coops are considering conversion to banks.

However, this very growth raises the issues discussed earlier, such as : (i) cooperative authorities and central banks becoming concerned or inadequacies of existing cooperative and banking laws to cover the gray areas between the functioning of banks and credit societies which could unduly expose depositing publics from potential abuses; (ii) societies increasingly complaining of inflexibilities in coop laws that stifle their growth or limit their operating options that could redound to more services and benefits to members; (iii) creeping competition between credit societies and state banks, especially in rural financial intermediation.

Lastly, there are still serious concerns with some state banks' cyclical creation of credit-propelled "co-ops" that come and go with the accompanying unsustainable credit programmes, as this lowers public acceptance and perpetuate misconceptions of cooperatives.

E. Closing Remarks

The study also came up with seventeen Recommendations, of which four are directed to the ICA ROAP, four to the Co-operative Authorities, and nine to Co-operative Societies. These recommendations were reviewed and incorporated in the recommendations of the Regional Consultation held in Yangon (Myanmar) for consideration of the Ministers Conference.

REFERENCE PAPER-IIIA
Gender and Development
Ms. Akiko Yamauchi

NEW ICA COOPERATIVE PRINCIPLES

Last year, the ICA revised the Cooperative Principles and adopted the Statement on the New Cooperative Identity. The New Cooperative Principles indicate that Cooperatives should be open to all persons “without gender, social, racial, political or religious discrimination”. This was the first time that the word “gender” has been included in the Cooperative Principles.

GENDER ISSUES IN COOPERATIVES

When we observe the realities prevailing in most cooperatives in our region, i.e. from the perspectives of gender equality, we will discover that there are still many issues we have to resolve as follows :

- Women’s participation in cooperatives is very low. There are some exceptions like thrift and credit cooperatives, where almost half of the membership is female. Among especially producers’ cooperatives, such as agricultural and fisheries cooperatives, women do not come to the mainstream, even though women are practical contributors to their families and the national economies. This situation make women’s socio-economic contributions to cooperatives “invisible”.
- In particular, women are not involved in decision making process, which keeps women far from the privileges of participation as decision-makers, and accessibility to the services of the cooperatives.
- There are some constraints for women to participate in cooperatives, such as social, cultural, economic and political restrictions on women, heavy work load, low level of education, or the criteria for members.
- Cooperative development policies, practices and services have gender bias, some times even gender blind.
- Cooperatives and cooperative leaders are not fully aware of gender issues in cooperatives, nor there are any strong support or commitment to gender issues.

Introduction of Gender and Development Approach into Cooperatives

The ICA, which plays a cabalistic role for cooperative development, launched a women's programme during the United Nation's Women's Decade from 1975 to 1985. When the decade ended, the ICA terminated the programme. Unfortunately, the achievements were very marginal. During these years, the approaches were mainly welfare-based and were not adequate to bring women into mainstream. Welfare-based activities have often reinforced women's stereotyped and subordinate status in the Society.

Therefore, in order to seek solutions, a new approach was introduced namely, "Gender and Development". According to this theory, the problems regarding gender inequality do not lie with women only, but men are indeed an integral part of the issue. "Gender and Development" approach requires that we analyze gender relations in our society.

The ICA office has started to introduce new ideas by conducting country research in 14 countries in 1991. Research findings revealed that there was a growing gap between men and women in the utilization of their potential for development. Based on this, strategic plans for integration of gender and development approach into cooperative development was discussed through the Regional Conferences in 1992 and 1993. Many member organizations of the ICA ROAP have started various gender related activities since these series of meetings and discussions.

Achievements and Constraints of the Cooperative Movements Regarding Gender Issues

In September, 1996, the Regional Consultation Meeting on Gender Integration in Cooperatives was organized in Bangkok, Thailand to identify the achievements and constraints since 1993 when the Gender Planning Conference was held in Japan.

The meeting concluded that even though it is not enough, some good results have been made by member organizations and ICA ROAP, such as increasing women members and leaders through organizing training programmes for gender awareness and sensitization, production of materials, drafting gender responsive and sensitive policies and implementation activities.

However, there are still many constraints to achieve gender equality in the cooperatives, such as limited awareness among both women and men on the gender issues, insufficient education of co-operative values and principles and training for gender sensitivity, very limited women leadership training and materials, etc.

Points for discussion at the 4th Cooperative Ministers Conference in Chiangmai

The Consultation Meeting on Gender Integration in Cooperatives in Bangkok asked for strong support of the Cooperative Ministers and government officials to develop policies and operational guidelines to achieve gender equality in the cooperative movements as follows :

1. Gender Issues in Cooperatives are by and large still not being adequately understood by the government officials and authorities.
2. There is limited or no gender disaggregated data available in the countries of the Region, so that proper gender analysis is difficult.

It is recommended that Governments in the ICA member countries be requested to set up necessary data bases for gender disaggregated data.

3. In many Cooperative legislation, one could witness the provision of strict criterion for women that deter them for becoming a member of the cooperative, such as "head of the household", "holder of immoveable properties - landed property" etc. These criterion indirectly hinder women from becoming members of cooperatives.

It is recommended that Governments in the ICA member countries review the cooperative legislation where gender perspectives are absent, and make the necessary amendments to increase women's membership and participation at all levels of decision making in cooperatives.

4. It is recommended that the Cooperative Ministers/Departments allocate funds for gender and women's activities, such as for the implementation of data collection, gender sensitivity training, women leadership training, women's entrepreneurship development programmes, etc., where such funds do not exist up to this point.

The ICA ROAP together with the "Regional Women's Committee" will try its level best to take up follow-up actions necessary at the Fourth Cooperative Ministerial Conference in Chiangmai in Thailand.

GENDER AND DEVELOPMENT IN AGRICULTURE COOPERATIVES

In October, 1996, the Regional Conference of Top Women Farm Leaders was organized in Tokyo, Japan, under the sponsorship of IDACA (Institute for the Development of Agricultural Cooperation in Asia), to discuss ways to implement the action policy proposed at the Fourth UN World Conference on Women in Beijing, especially for women at the local and state levels.

An appeal to governments and cooperatives was adopted, prelimi-

narily for the governments to provide more support to the cooperative system through appropriate policy and legislation, so that various problems faced by women in cooperative organizations would be solved. The appeal also called for an action on women in cooperatives to take the initiatives in planning and actions to elevate their positions.

The Regional Consultation may take up the resolution on the above appeal from the Top Women Farm Leaders Conference in Tokyo, to be positively considered by the governments.

Women's Empowerment Would Ensure their Contribution to Cooperative & Overall Human Development

The United Nation's Fourth World Conference on Women in Beijing, 1995 built a consensus that women's realities and perspectives are central to all issues of global development. Now, the most crucial agenda is women's empowerment, which ensure overall development of human beings.

There is no doubt that cooperative is one of the best vehicles to empower women both economically and politically. Therefore, we request the ministers' support and assistance in strengthening gender related activates. We do believe that cooperatives could contribute to global development by the development of gender responsive cooperatives.

REFERENCE PAPER-IIIB
Sustainable Development and Cooperatives
Mr. W.U. Herath

1. Sustainability - Concern for All

1.1 Although the term 'sustainability' emerged in the context of the economic growth and development, the current interpretations embrace some wider areas of concern. It has been described as the ability of a natural resource system to produce socially optimum level of output which is necessary to meet in perpetuity, the needs and aspirations of the people dependant on the system with no detrimental effects on the resource system itself and the physical environment and with no imposition of significantly greater rush on future generations.

1.2 Sustainable development has been interpreted as a form of development that 'meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development - Our Common Future 1987). This infers the linkage between human societies and the environment and also provides a holistic approach to the concept of development. This encompasses not only the natural environment, but also the environment created by human activity. On the other hand, economy is no more separated from the environment.

1.3 Therefore, sustainable development in the context of future generations would demand the better use of human capital as well as natural capital. While these are interdependent, the aspects of quality of life, employment expansion and social integration are linked to the utilising and regeneration of natural capital (or physical capital), when it comes to human activity, it may include indigenous people's activities for survival as well as technological exercises of modern societies.

1.4 The sustainable development has also become an issue of justice and equality, as many current economies negate the majority of people accessing natural capital or resources for their survival, due to vesting them in commercial enterprises functioning in market economies. This has a cyclic effect on human survival due to deprivation of basic human needs. Therefore, food security, poverty alleviation, income distribution and expansion of economic opportunities are in the agenda for making sustainability of development achievements a reality. The most extreme predicament is the threat to the very survival of the human society and the eco-system supporting their existence. Therefore, the issue of sustainable development has become a concern for every individual, governments and other economic and social institutions.

2. UN Agenda on Sustainable Development and Commitments of the Governments

2.1 There are few UN-based events currently guiding the governments and the UN system itself, which have direct relevance to sustainable development:

1. Earth Summit at Rio de Janeiro in 1992
2. Social Summit at Copenhagen in 1995
3. Food Summit at Rome in 1996

2.2 UN Agenda 21 incorporates many of these economic and social aspects into one agenda to be implemented by all UN agencies, the government who ratifies them and the other international, intergovernmental and non governmental agencies who want to be guided by these conclusions and recommendations.

2.3 UN-ESCAP sponsored Ministerial Conference on Environment and Development in Asia and The Pacific consequently adopted a plan of action on strategic development in 1995, as a follow up to these events. This plan's focus was not only the governments, but also the NGOs including cooperatives and the private sector. The Action Plan identified 24 programme areas covering following groups:

1. Pollution reduction, prevention and control and enhancement of environmental quality.
2. Conservation and management of natural resources and ecosystems.
3. Sustainable policy improvement.
4. Sustainable development indicators and assessment.

2.4 An intergovernmental committee has been set up to take follow up action on the action plan which is specially concerned about WTO arrangements for non tariff barriers based on environment related product standards as the small and medium scale industries are expected to be affected by them.

2.5 A regional network is being created based on TCDC arrangements to help developing countries to implement the plans.

2.6 Training of government officials and business communities on the aspects of environmental standards will be an agenda for the future.

2.7 The Committee recommendations include population policies, natural hazard reduction, integrated and sustainable development and protection of water resources and aquatic eco-systems, ecological factors in land use planning and resource accounting, environment friendly concepts of crop production and development and management of agro chemicals in support of agricultural development, energy development

and management, environmental management of mineral resource development.

2.8 Uruguay Round of Multilateral Trade Negotiations under The General Agreement on Tariffs and Trade (GATT) and also the UN Conference on Environment and Development at Rio in 1992 gave birth to ISO 14000 standards on environment. This will cover:

- Environmental management systems
- Environmental auditing
- Environmental labelling
- Environmental performance evaluation
- Life cycle assessment
- Environmental aspects of product standards

These standards will have influence over the imports and exports to and from developing countries in the future.

2.9 In conjunction with the Earth Summit, many governments have ratified several conventions relating to environmental related sustainable development issues:

- Basel convention on the control of transboundary movements of hazardous waste and their disposal was adopted in March 1989 and came to force in May 1992. 17 countries in the Asia Pacific Region have ratified it. The convention sets out prohibition against export and import of hazardous waste unless they are subject to an agreement; spells out various obligations that industrialized countries have to assist developing countries in technical matters related to the hazardous wastes; international cooperation between parties related to environmentally sound waste management; transfer of technology; training of technicians; harmonization of technical standards and guidelines and monitoring the effects of waste management on the environment.
- The bio-diversity ratified by 32 countries in the Region stipulates those developing countries should have access to environmentally sound technologies which are required for the conservation and sustainable use of bio-diversity and they should be made available under fair and favourable terms.
- UN Framework Convention on Climatic Changes has been signed by 155 countries in the world in 1994, which has been ratified by 36 countries in the Region. The convention stipulated that developed and developing countries should submit for review, information on national programmes for mitigating climate change and adapting to its effects, strengthening development of technology and promotion of public awareness programmes.

31 countries in the Region ratified the Vienna Convention for protection of the ozone layer in 1985 and Montreal Protocol on substances that deplete the ozone layer in 1987. The target set for 1998 on the reduction in the production and consumption of CFC is 50%.

2.10 Growing industrialization in the Asia Pacific Region, has a shift from traditional resources to synthetic, chemical and petro chemical resource utilization which results in hazardous waste. In addition, movement of hazardous waste from developed countries to developing countries is another concern.

2.11 Influenced by the holistic approach to sustainable development, the UNDP propagated the concept of Human Development, which became a main theme of the Social Summit. The human development has been considered as means as well as end in itself. It has been defined as "the process of enlarging the range of peoples choices - increasing their opportunities for education, health care, income and employment and covering full range of human choices from a sound physical environment to economic and political freedoms." (UNDP - Human Development Report 1992).

2.12 Sustainable development is considered as influenced by many complementary socio-economic factors. The approach aspires to achieve economic growth by providing fairness and opportunities for all the people, not just a privileged few, without further destroying the world's finite natural resources and without compromising the world's carrying capacity. The minimum requirement for fulfilling such a mission involves the following:

- The elimination of poverty
- A reduction in population growth
- More equitable distribution of resources
- Healthier, more educated and better trained people
- Decentralized and more participatory government
- More equitable, liberal trading system within and among countries including increasing production for local consumption
- Better understanding of the diversity of eco-systems, locally adapted solutions to environmental problems and better monitoring of the environmental impact of development activities. (UNDP - HDR 1992)

2.13 There are hindering factors for sustainable development arising out of imbalances in the above conditions: poverty including feminization of poverty, food insecurity, over population, ozone depletion, de-foresta-

tion, global warming, mismanagement of common pool resources, over consumption of resources and the production, depletion of resources for regeneration, health hazards etc. The governments in the Region have committed to take proactive action on these issues as a result of the ratified conventions and some initiatives of their own.

3. Sustainable Development and Cooperatives

3.1 It has been suggested that there are many requirements for achieving sustainability in development:

- Integration of conservation of natural resources with development.
- Satisfaction of basic human needs.
- Achievement of equality and basic social justice.
- Provision of social self determination and cultural diversity.
- Maintenance of ecological integrity (Brooks 1990).

3.2 Basic cooperative values as identified during the search for new identity (self help, democracy, equality, equity and solidarity) combined with ethical values represent the behavioural pre conditions for achieving these requirements. The new principle (concern for community) has been explained as “while focusing on members needs and wished, cooperatives work for the sustainable development of their communities”.

3.3 The general assembly of the ICA at its general meeting held in 1995 adopted a resolution titled ‘cooperative agenda 21’ as a sequel to the Agenda 21 adopted by the governments at the Rio Earth Summit. This Agenda spells out the role and goals of cooperatives contribute to the sustainable development in different aspects of developments. Sustainable agriculture, food security, conservation of natural and animal resources, reduce over consumption of resources and products, waste management, promoting sustainable life styles, improving living and working environment of the people, promoting cleaner production technologies, environmental management, promoting alternative renewable energies, adopting financial mechanisms for sustainable development and providing awareness and education on sustainable development are main goals which have been adopted.

3.4 United Nations has reiterated the significance of cooperatives in realising the goals of sustainable development in many of its important policy statements during Earth Summit, Social Summit and Food Summit. The Earth Summit reaffirmed the belief of cooperatives in uniqueness of human being in sustainable development, their right to have equal opportunities for a productive life in harmony with the nature, eradicating poverty in order to decrease the disparity of stand-

ards of living, and better ways of meeting the needs of the majority of the people of the world. The annual report of the Secretary General of the UN for 1994 recognises the cooperatives as organizational means for productive employment, overcome poverty, and achieving social integration.

3.5 The UN system being an intergovernmental institution has increasingly recognised the role of people's organizations for achieving sustainable development for a better society. The social summit specially allocated many tasks for the mobilization of people for social development through cooperatives. Therefore, cooperative movements in the Region could have a legitimate role in the short term and long term plans of governments in their respective countries.

4. Experiences of Cooperatives in Sustainable Development Efforts

4.1 Cooperatives by nature have been working towards the welfare of the community from the inception by Rochdale pioneers. The consumer friendly products have been one of their goals. Consumer movements grew out of protests on adulteration and unhealthy products which used hazardous chemicals. Management of common pool resources has been one of the main activities of agricultural cooperatives. Avoiding wasteful services to the consumers and promoting economy in the value-based operations for better productivity has been customary for cooperatives. Community consideration has been evident from behaviour of cooperative enterprises. However, this character has been recognized as a principle in 1995.

4.2 *Poverty Alleviation:* Cooperatives have been operating mainly for low income groups providing consumer services, agricultural inputs and marketing services, finances on low interest, and mobilising them into empowered groups. Majority of the individual membership of cooperatives in the Region falls into this category. Many countries in the Region shows the involvement of cooperatives in the special support programmes of governments to eradicate poverty as shown in South Asia and South East Asia.

4.3 *Food Security:* Growing poverty, population growth, environmental degradation and food insecurity has a circular relationship. This is also partly an outcome of the commercialization of agriculture. In order to prevent the deterioration of food production means for regeneration, the governments take measures shown by price support systems to farmers, protection of domestic agriculture, substitution, and subsidies to farmers irrespective level of a country. For channelling of these services to the community, governments as a tradition used cooperatives in the Region. In the case of Japan and South Korea, even in the implementa-

tion of land reforms and land development, agricultural cooperatives have been used. Food production drives during post war period and green revolution has been institutionalized in cooperatives. The growing issue of doing away with unsustainable farming practices of inorganic practices too will be a task for cooperatives in the future. They have already in the forefront of promoting organic agriculture. A sustainable livelihood has been in the agendas of all types of cooperatives even before it has been recognised by development experts in line with food security.

4.4 *Employment Creation:* The cooperatives contributed towards job creation in two ways: providing employment in cooperative enterprises and providing sustainable self employment for members. The type of employment ranges from productive workers to senior executives. Another contributory factor for common job markets is the provision of vocational training in formal vocational schools as well as non formal job training programmes. Many countries in the Region have elaborate networks of cooperative training colleges extending to villages as well as some university programmes as in the case of India, Indonesia, Thailand and the Philippines.

4.5 *Literacy:* Illiteracy has been recognised as a cause for a poverty and unsustainable livelihood. Cooperatives have tradition of adult literacy campaigns and have been working with UNESCO on the subject. India, Afghanistan, Iran, Thailand and Indonesia have long standing experiences on this.

4.6 *Conservation of Ecosystems:* Cooperatives in the Region have engaged in the conservation of natural environment creating an ecological balance through different approaches:

- Environmental campaigns : Japan, India, Philippines, Indonesia
- Political action : Japan
- Preservation of land and aquatic resources: Japan, Philippines
- Organic farming and other production methods : Japan, India, Sri Lanka
- Promoting and marketing organically produced products : Japan, S. Korea, Sri Lanka
- Common pool resource and watershed management: India, Fiji,
- Waste recycling : Japan, China, Philippines, India, Vietnam
- Energy management and renewable energy systems : India, Philippines, China
- Sustainable aqua culture : Japan, India
- Soil conservation and enrichment : Japan, India, Philippines

4.7 *Environment friendly marketing systems:* Marketing systems have a great influence on the sustainable development in relation to the aspect of transport, refrigeration, packaging, processing and the negative or positive of their effect on the environment and eco-systems. This is an ongoing discussion at the policy making as well as farming levels in the context of the WTO agreements on free trade among member countries. On the other hand, new approaches have been attempted through fair-trading and ecolabelling etc. The cooperatives in the Region have considerably less experience in these areas, but there is a growing interest being created due to the influence by buyers who are normally Northern countries.

- Green shops: Japan
- Fair trading: Japan, Philippines
- Eco labelling: Australia

4.8 *Environment management systems:* New arrangements as a result of Uruguay Round Agreement and the Earth Summit have laid foundation on the criterion for environment considerations for development projects as well as marketing rules. Some of the principles are embodied in the ISO 14000 standards. These cover the areas such as:

- Environment management systems
- Environmental auditing
- Environmental labelling
- Environmental performance evaluation
- Life cycle assessment
- Environmental aspects of product standards

4.9 In order to comply with these standards, the enterprises are to take following steps:

- a) establish an environmental policy
- b) formulate a plan
- c) implement the policy and the plan
- d) create and maintain supporting documentation, conduct outgoing environmental performance measurement and periodic audit of environmental management system.

Although there are early initiatives by cooperatives in this regard such as Migros of Switzerland are seen, these aspects are still to be introduced in the Asia Pacific Region. Japanese cooperatives are initiating some aspects of environmental standards.

4.10 *Sustainable livelihood:* The concept propagated by Chambers provides for opportunities and access to resources as right by people.

Regeneration of resources is a condition. The aspects influencing livelihood of people such as shelter, sanitation, health care and other goods and services are measured by the conditions. Cooperatives in the Region, practically in every country where the cooperatives are functioning, have contributed to this sustainability. Irrespective of the type of cooperative, they have been contributing to many aspects of life such as providing resources for shelter, food security, health education and care, economic living, long term planning for life etc. Agricultural cooperatives in Japan introduced an agricultural development model based on the life long planning of a farming family which incorporated every aspect of the family. Recent attempts of Japanese consumer cooperatives and agricultural and producer cooperatives through organizations to introduce a symbiotic relationship between producers and consumers through an approach called 'Sanchoke'.

4.11 *Appropriate technology*: Earlier called intermediate technologies, this technology in many fields has proved to be a low investment based, labour intensive and a sustainable strategy for developing economies. Burma (Myanmar), Philippines and India have used many such approaches in various types of industrial as well as agricultural cooperatives. Renewable energies such as solar, bio gas and wind are some of the areas. Waste recycling is also based on appropriate technologies.

5. Strategic Alliance between Governments and Cooperatives

5.1 The governments who have committed to adopt sustainable development policies could count on cooperatives to forge an alliance to achieve those goals as the cooperatives by their own value system believe in the sustainability. Some of the areas of such an alliance have been identified by the Earth Summit, Social Summit and Food Summit. However, the fact remains that the governments themselves have to decide and formulate policy framework and necessary legislation. In formulating such legislations, the governments could consult environmentally conscious cooperatives and environmental organizations for the formulation of realistic legislation.

5.2 Partnerships are possible in many areas:

- sharing information and resources.
- working towards creating public awareness on eco-system management and sustainable livelihood.
- introduction of labour incentives for contribution to sustainable development.
- introduction of environmental accounting and other measures for development projects as well as entrepreneurial activities.

5.3 In addition to the promotional activities, the governments can rely

on the continuation of subsidies provided for maintaining the food security. This would ensure the conservation of eco-systems and prevention of further deterioration of living conditions of the people who continue to suffer from poverty conditions.

5.4 Poverty alleviation programmes have been supported by cooperatives throughout with passivity. The governments may have to re align the partnership with cooperatives in order for cooperatives to preserve the autonomy and independence in their functioning without compromising on the achievement of targets set for such programmes.

5.5 Cooperative is an alternative to counteract the monopolistic and oligopolistic trends by private sector companies whether they are domestic or transnational enterprises which influence the consumers' behaviour in unsustainable trading practices. Incentives provided for green activities of cooperative enterprises would provide security and growth for micro enterprises of the less advantaged entrepreneurs. However, the governments have to ensure a level playing field for cooperatives to function in a market economy.

6. Sustainability of Cooperatives for Next Generation

6.1 It is expected that the survival of economic enterprises into next century will depend on the strict observance of the guidelines provided by the global summits on various aspects of sustainable development due to the fact that the governments will be compelled to follow the line in order to maintain a stable growth rate in terms of production and trade. The international trade will basically depend on the environmental concerns. Cooperatives will not be an exception to this rule.

6.2 Many transnational companies such as 3M, Kodak, Cray Computers, Apple, McDonalds, etc. have taken proactive steps in recycling, setting environmental standards in their operations, and environmental accounting and auditing systems. Many food processing companies too are in the process of following such steps. Therefore, the survival of future economic enterprises will depend on the strategies they have adopted to economise their operations while maintaining environmental standards. The management practices of these enterprises may undergo drastic changes towards incorporating sustainable development aspects in the future.

6.3 There is a growing concern in the communities on environmental issues in economic enterprises as well as development projects by the governments as well as large companies functioning in market economies. This has led to public campaigns, litigation and lobbying at the highest political levels. Therefore, the companies or cooperatives which will be proactive in their operations based on environmental concerns will have a competitive edge.

6.4 Green consumerism, fair trading, and eco-friendly product introduction has been a growing strength in cooperatives. Their behaviour would bring more good will for cooperative enterprises. The observance of the principle of concern for community would guide the next generation of cooperatives in introducing new sustainable management practices in their enterprises.

Report on the Progress of the Conference Proceedings

Mr. Robby Tulus
Regional Director, ICA ROAP

It is indeed my great pleasure and proud privilege to take this momentous opportunity to report briefly about the progress made thus far in the proceedings of this Fourth Asia Pacific Conference of Cooperative Ministers.

There has been a tremendous response given by both the governments and cooperative movements in this region – as well as beyond – to this important event, as manifested by the large (and unprecedented) attendance of today. We have with us today the Honourable Ministers from China, Fiji, Indonesia, Iran, Japan, Kuwait, Malaysia, Myanmar, Vietnam and of course from our host country Thailand. It is regretful to report that we have some cancellations at the last moment from some Honourable Ministers which had already confirmed their participation just a week or so ago. Honourable Ministers from Australia, Mongolia and Nepal, conveyed their deep regrets to the Government of Thailand and to the ICA, due to sudden and unforeseen circumstances happening within their respective countries which have impeded their participation in our Conference.

Your excellencies, ladies and gentlemen, it is also my pleasant duty to offer our deepest appreciation and heartiest thanks to the government of Thailand, and in particular to the Cooperative Promotion Department of the Ministry of Agriculture and Cooperatives, who has been extremely supportive and most instrumental to the success of this Conference. Without their contribution and assistance this Conference would not have been made as distinctive as it is today. The Government of Thailand has also given their invaluable support for the Cooperative Products Exhibition to be inaugurated by H.E. the Prime Minister following this Opening Ceremony.

Since we have held, and will also be conducting, a number of other important ICA events, including the Executive Council, specialized committees and Inter-regional Directors' meetings, as well as meetings with international partners alongside our Ministers' Conference, we would also like to extend our sincere thanks to the Cooperative League of Thailand for their support and meaningful contribution.

The important studies and intensive consultations prior to this Conference was also made possible due to the generous assistance provided by the Canadian Cooperative Association and the Development

International Desjardins. For their support we wish to offer our heartfelt gratitude as well.

We are happy to report that from the cooperative movements within our region we have 124 delegates from 22 countries, and in addition we are delighted to have 34 delegates from International Organizations such as ILO, FAO, AARRO, CCA and DID from Canada, and ICA directors from our Head Office, from the regions in Europe, Africa, as well as the Americas.

I also wish to inform this distinguished assembly that a long process of groundwork has ensued leading to this Conference, starting from an in-depth study on cooperative legislation and competitive strength in March and April 1996, two successive symposiums on cooperative banking and agri-business, as well as a regional consultation attended by representatives from 18 countries, including permanent secretaries of governments and chief executives of cooperatives held in Myanmar in December of 1996 (for which we thank the Government of Myanmar represented here today by Honourable Than Aung).

The Regional Consultation deliberated the follow up actions taken after the Third Conference of Cooperative Ministers held in Colombo in 1994, and came up with recommendations that are more doable for the Fourth Ministers Conference in Chiangmai. A concise version of the Background Papers stemming from the Regional Consultation has been duly distributed to all participants.

I would fail in my duty if I do not hasten to express our deepest gratitude to His Excellency the Prime Minister of Thailand for making himself available to inaugurate this Opening Ceremony, and for the Honourable Minister of Agriculture and Cooperatives of Thailand to be our very warm-hearted host.

Last but not least, our deepest gratitude goes to all Honourable Ministers, delegates, and guests, who have graced this special Opening Ceremony and who will – I am sure – offer us their kind blessings and/or participation for the success of the Conference.

Remarks by Mr. Bruce Thordarson, Director-General, ICA

Hon'ble Deputy Prime Minister, Hon'ble Ministers, Government representatives, cooperative leaders, ladies and gentlemen,

ICA is very pleased to be joint-organiser of this Fourth Asia-Pacific Cooperative Ministers Conference along with the Royal Thai Government and Cooperative League of Thailand.

We are grateful for excellent support our Regional Office has received from them in all the preparatory work and for government and cooperative representatives from across the Asia-Pacific region and even beyond who have come in such large numbers.

When ICA initiated this concept of Cooperative Ministerial Conferences back in 1990 in Sydney (Australia), our main objective was to sensitise government leaders about the genuine nature of cooperatives and to prepare the ground for necessary legislative changes. Since that time, it is gratifying to see the positive changes in legislation and government policy that have occurred in many countries which we can say with assurance have been of least partially inspired by the research, background documents, preparatory meetings and the main Conferences themselves have taken place during the last 7 years.

During this time of course the cooperative must have been doing its own work to clarify the basic nature of coops. The Statement on Cooperative Identity, approved at the 1995 Manchester Congress, provides a concise definition of basic coop values and principles which we hope will find that way into coop legislation around the world and of course be applied in the daily work by the coop themselves.

If we were to attempt to identify a single common theme underlying all the efforts which have been made since 1990, I think I would choose the word partnership. We are all engaged in an on-going effort to determine the proper relation between cooperatives and governments, respecting the needs and legitimate interests of both. We know that this relationship will vary from country to country, depending on national experience and tradition, and that is as it should be. What has emerged very clearly in most countries however is a better understanding of the fact that coops and governments must work together in this process if it is to succeed.

I am sure that this Fourth Conference of Cooperative Ministers will mark a further step in the direction of building this constructive partnership. The ICA and its members will do their best to consolidate to this process not only here in Chiangmai, but in all the follow-up activities which will no doubt emerge from this meeting.

Welcome Remarks by Mr. B. S. Vishwanathan

Hon'ble Deputy Prime Minister of Thailand, Hon'ble Minister of Agriculture and Cooperatives of Thailand, ICA Director-General, Mr. Bruce Thordarson, Dr. Robby Tulus, Hon'ble Ministers of Cooperatives from Asia and the Pacific region, Excellencies, Cooperators, Ladies and Gentlemen,

On behalf of the ICA Regional Council for Asia and the Pacific, I extend a hearty welcome to all of you. I also express our sincere thanks and appreciation to Hon'ble Deputy Prime Minister, government of Thailand, and also Cooperative Movement of Thailand for extending a very warm hospitality and for excellent arrangements for hosting this Conference which may be yet another milestone in the history of the ICA.

Preceding to this Conference, yesterday ICA Executive Council and its specialised organisation held very productive discussions on very important issues such as need for having value-based management for cooperatives and responsive HRD systems in the changed context of liberalisation and globalization. Besides we also deliberated on the need for establishing a cooperative network for promoting international trade on cooperative to cooperative basis. I am sure this will provide an important input for the Ministers' Conference in formulating their recommendations.

In this Conference in my capacity as President of the National Cooperative Union of India, I also represent the Indian delegation. Our Hon'ble Minister of Cooperatives in Government of India, Mr. Chaturanan Mishra, could not come due to very urgent and important work in Indian Parliament. He has sent his apology and his warm greetings to this Conference. He has personally assured me that the Government of India will take earnest steps to implement the recommendations.

I also extend very warm greetings on behalf of the Indian Cooperative Movement representing nearly 400,000 cooperatives and 198 million members of cooperatives. Cooperative Movement has been greatly benefitted from these Ministerial Conferences under the banner of ICA. This has been possible due to earnest efforts of ICA particularly its President, Director-General, Regional Director and members of the ICA Regional Assembly. I would, therefore, record our appreciation for their efforts.

With these words I once again welcome you all.

Special Paper

Joint Statement from Asia Pacific Members

Mr. Robby Tulus
Regional Director, ICA ROAP

This joint statement must not be seen in isolation from the country statements or the background papers that have been presented earlier today. It will merely re-emphasize the need for cooperatives to break new grounds by recognizing our successes and weaknesses, and change our basis for competitive advantage within the cooperative sector by fundamentally creating new space, our cooperative space. It means innovating new formulas of development for sustaining our future growth.

Changes in the socio-economic environment in the Asia Pacific region are happening at such a rapid pace that cooperatives can no longer rest satisfied with just doing business as usual. The center of gravity is shifting from large scale production, massive work forces, and hierarchical management teams to a more streamlined or less bureaucratic management structures. Workplaces everywhere around the globe has indeed been revolutionized by current communication advancement and new managerial theories. The rapidity of change in our socio-economic environment is readily observable.

First, just take the example of resource inflows into the region. External resource inflows into the Asian developing countries are really astounding. In the four years prior to the downturn in the industrial countries (1987 - 1990), long term net inflows into the region averaged \$ 31 billion per annum. Since 1991, net inflows have averaged \$ 75 billion per annum, peaking in 1994 to \$ 109 billion and accounting for 48 percent of total net resource inflows into the developing countries. Given this, prices of financial assets and real estate can also be subject to volatility (recently in Indonesia, and now actually happening in Thailand) especially if the inflows are of short term speculative nature.

More importantly, the domestic financial system can be exposed to potential instability depending on the capacity of banks to successfully intermediate and ensure efficient allocation of credit. For example, a sudden increase in the liquidity of banking system runs the risk that the quality of loans could deteriorate or there could be a mismatch between the maturity structure of assets and liabilities. This brings into question loans extended to cooperatives by state banks without proper risk analysis.

Secondly, the restructured dimension of ICA following the ICA Congress in Tokyo in 1992 has brought about a vast expansion of the

geographical area covered by ROAP. Membership spans from Fiji and Tonga in the Pacific all the way to the west in Israel where in the recent past it was confined only up to Iran. Disintegration of the Soviet Union also added new members from the CIS countries. The membership of the ROAP has increased from 14 countries before restructuring to 27 countries with 60 members including one regional member, i.e. ACCU.

The new countries which have been added to the region are Jordan, Kuwait, Israel, Uzbekistan, Turmenistan, Kazakhstan and Kyrgystan. In addition, Mongolia and Myanmar also joined/rejoined the ICA ROAP in recent years, and since 1995 Tonga has become a member country of ICA ROAP.

Asia-Pacific region is, therefore, a very large and diversified region. China and India alone account for one-third of the world population. A World Bank study has defined global poverty at US\$ 370 per person a year in constant 1985 PPP prices. Out of the 1,133 million poor in the developing world, 731 million lived in East Asia (169 million in South-East Asia and 562 million in South Asia) in 1990. The Asian Region has made some progress in reducing its share of the world's poor from 68% in 1985 to 65% in 1990.

However, higher population growth in South Asia has led to an increase in the absolute number of poor from 532 million in 1985 to 562 million in 1990. The region has the richest as well as the poorest countries. The highest per capita GNP being Japan of US\$ 38,750 and lowest being Afghanistan of US\$ 150 and less than 250 in Vietnam and Bangladesh. Similarly, inflation range is also very diversified being as low as 0.2% in Japan to 73% in Mongolia, 56.7% in Afghanistan and 31.5% in Iran. While Japan, South Korea, Singapore and Israel have a 100% literacy rate, the rate is as low as 54% in Iran and 48% in India and 35% in Bangladesh and Pakistan.

The Cooperative sector in the region is equally diversified. It covers two-third of individual ICA global membership coming from 27 countries through its 60 affiliated organisations. One can find the best possible and worst possible examples of cooperatives in the region. The region covers all types of cooperatives. Agriculture and multipurpose accounts for 57.06%; housing 10.61% and consumers occupying 8% share. The strength and weakness of the cooperatives can be seen from the fact that the average membership and share capital of a primary agriculture cooperative being as high as 1,650 and US\$ 0.915 million in Japan; 1,348 and US\$ 88,185 in Thailand; 4,946 and US\$ 26,912 in China; and 584 and US\$ 10,276 in Malaysia and as low as 40 and US\$ 95 in Bangladesh, 40 and US\$ 450 in Pakistan. Sri Lanka has an average membership of 405 and the average share capital of US\$ 450. In Fiji, on the other hand, the membership is very low 40 per society and the share capital is comparatively higher i.e. US\$ 5,205 per society.

The position is not much different in case of consumer cooperatives also. While the average membership and share capital in Japan is 26,636 and US\$ 4.7 million; in Thailand it is 1,958 and US\$ 54,203; it is as low as 26 members and US\$ 1,057 share capital in Fiji, and 52 members and share capital of US\$ 5,464 in Philippines.

One major difference which could be noticed in the cooperatives of the region which also reflects their strength and weakness is that in countries like Japan and Korea where, within the framework of their respective cooperative laws, a cooperative can trade only with members. In Australia members are subjected to and responsible for the proper functioning of the cooperatives.

In many developing countries in Asia (e.g. Fiji, India, Pakistan, Sri Lanka, Bangladesh, Iran, etc.) the government still plays a prominent role in promoting cooperative development and in the management and operations of cooperatives. They go beyond their supervisory role through the process of audit and inspection. This role of the government is responsible to a great extent for dormant membership and lack of professionalism.

The situation of national federations is equally diversified. In China, Japan, South Korea and Australia, there are no umbrella organisations though Japan has tried to fill the gap by having the Japanese Joint Committee on Cooperatives, a loose body having representatives of all sectors of cooperatives. China, South Korea and Japan have very strong sectoral national federations, but in Australia all such efforts in this direction have failed so far. These umbrella organisations in some countries like India, Malaysia, Singapore, Sri Lanka and Thailand are fairly active and strong. But in Bangladesh, Pakistan, Philippines and some other countries they are still struggling for their survival.

Cooperatives have contributed substantially in various sectors of economy including agricultural production, stabilising of prices, providing consumer goods and social services etc, and have made a visible impact. Notwithstanding, very often they have not been able to build adequate public image or design a good advocacy agenda. With the rapid rise of globalization, economic policies and structural adjustment programs are usually adopted in favour of the private corporate sector and hence obstructive to the development and growth of cooperatives. Governments support, particularly financial support, is declining. However, some case studies have shown that the diminishing subsidies have not necessarily resulted in loosening of government interference in the management and operations of cooperatives by the government but only added to severe competition they have been already exposed to.

Consequently, cooperatives are facing many constraints. Some of these constraints are:

- a) large percentage of dormant base membership;
- b) nonviable size and capital base of the cooperatives;
- c) over-involvement of government in the management of cooperatives;
- d) lack of professional management;
- e) lack of accountability and transparency; and
- f) weak national federations.

But we cooperators must also hasten to admit that we have every reason to feel strengthened and motivated these days. Unlike that time at our Third Cooperative Ministers' Conference in Colombo in 1994, this time around we have at our disposal the new Co-operative Identity Statement adopted at our Centennial Congress in Manchester in 1995.

The Cooperative Identity Statement, which incorporates the definition, values and principles of a cooperative thus set the strong foundation for whatever renewal process we would likely be getting into.

It is vital that we come to a common perception and interpretation on the Coop Identity among cooperatives and likewise with the government. This will allow the operations of cooperatives to be led and guided harmoniously by the principle of "member economic participation", and also the principle of "autonomy and independence".

Succinct recommendations put forward by the Regional Consultation in Myanmar to this Conference are intended to drive cooperative renewal processes to reflect the Identity Statement. In addition, we must also incorporate the strong endorsement given by our ICA members at the Executive Council Meeting of yesterday that a participatory planning process, a value-based management approach, and impact-based orientation must soon be engendered and practiced by cooperatives in our region.

This Joint Statement is an appeal that we, cooperative leaders in Asia and the Pacific, wish to bring to the attention of all honourable representatives from the governments so that we can continue the dialogue towards making appropriate and useful reforms with regard to cooperative policies and legislation. It is a call to seek workable solutions to the challenges facing cooperatives in the changing socio-economic environment.

Special Paper

Role of Cooperatives in Food Security

Mr. Churll-Hee Won
Chairman and President, NACF
Republic of Korea

First of all, I would like to convey my cooperative's greetings to all of you, on behalf of five million family farmers in my country. And I am very grateful to the Chairman for giving me a great opportunity to present this speech. My gratitude of course goes to the staff members of the ICA Regional Office and the local organizers for hosting this meaningful Conference.

My topic, Role of Cooperatives in Food Security, is one of the most profound and essential issues for cooperatives today, especially for agricultural cooperatives.

Because food security, as a basic human right, has been an identical goal of cooperatives, and it is the right time to reexamine the cooperative values being put for achieving this universal goal, which the World Food Summit urgently called for the full involvement of civil society and NGOs.

Since the Rochdale Cooperative was founded in Great Britain in 1844, the cooperative movement has greatly contributed to improving the welfare and solidarity of human society; most of which was to improve the food security directly and indirectly.

The cooperatives form of enterprise has been organized by more than 760 million individuals in the world, including farmers, to maximize the benefits of production, marketing and processing.

They provide the social benefits of ensuring food availability and distribution. Through creating employment and hence income, they also contribute in increasing food accessibility for people.

Particularly, in some developing countries where the green revolution was taking place, agricultural cooperatives played a central role in achieving staple food self-sufficiency.

However, throughout its history, constantly changing socio-economic environments for cooperatives have re-oriented cooperative's role and contributions. Particular challenges have confronted the international cooperative movement.

Since the 1970s the market economy has expanded its impact dramatically around the world. Traditional trade barriers have been

reduced significantly and many of those resultants, such as the expansion of free trade areas, the decline in government support for agriculture, and the deregulation of the financial industries, have threatened the economic framework within which many cooperatives have functioned for decades.

All these changes require cooperatives to be more economically efficient. Beside those changes, cooperatives must recognize the most challenging task facing mankind as we enter into the twenty-first century, which is the eradication of hunger and food insecurity as its social goal and responsibility to human society.

In fact, the above mentioned changes in the socio-economic environments have worsened the food security in developing and food importing countries.

Indeed, in the era of an open market economics, tackling hunger and food insecurity, particularly for the rural poor, must be undertaken as a critical role for cooperatives.

FAO studies described the current food problems; 800 million people on the globe are still suffering from hunger and malnutrition.

And there will be 2.6 billion more people to feed by the year 2025. Thus, global food production needs to be increased by more than 75 percent over the next thirty years.

However, the global annual increase in grain production has stood only at 0.74 percent since 1985, which is far less than projected.

Cooperatives in Food Security

Let me elaborate upon the potent contribution of cooperatives in ensuring universal food security. The Plan of Action of the World Food Summit indicated the way of attaining food security at the country level.

“Increased production, including traditional crops and their products, in efficient combination with food imports, reserves, and international trade can strengthen food security.”

In implementing this plan, what can cooperatives deal with and to what extent can cooperatives be involved to improve the food situation?

Cooperatives, by themselves often cannot be expected to be entirely involved in this country-level plan. Instead, the strong point of cooperatives lies in rather smaller places like local groups of people and households.

Cooperatives can produce and distribute good quality food at reasonable prices at such local levels.

With a membership of 400 million across the world, agricultural

cooperatives assume over 60 percent of food production and marketing in most countries.

Particularly, this region, Asia and the Pacific, takes a dominant part of the global cooperative movement in the agricultural sector with 86 percent of total farmer membership and 76 percent of the total number of agricultural cooperatives.

In being aware of this significant role that agricultural cooperatives play in food security, we should make greater efforts to promote agricultural cooperative movements as the way forward securing food, especially in the Asia-Pacific region where over 60 percent of the world population exists.

In fact, agricultural cooperatives in this region already stand at the frontier of global food security.

In the Resolution adopted by the Agricultural Committee in June 1996, cooperative leaders in this region clearly stated that the best way to achieve global food security is to increase food production in each country by optimizing its available natural resources.

In many parts of the Plan of Action, adopted by the Summit last November in Rome, we cooperators and cooperatives were called to play our fundamental role with farmers in attaining food security.

In the ICA statement at the World Food Summit, the ICA recommended that the vital roles of family farms and farmer-owned agricultural cooperatives for global food security be reflected in the implementation of the Rome Declaration and the Plan of Action of the World Food Summit.

Here, I would like to approach with the cooperative's values, identity and principles in putting the Plan into our action.

Above all, we, agricultural cooperatives in the region should strive to organize small family farms more effectively so as to fulfill their vital role in food security and other resourceful functions, and to enlarge their management scale to gain economic sustainability.

Second, we should make our cooperative business active, and thereby enrich the economic potential of member farmers in a way that we would enable them to participate fully in our activities.

While we should make efforts to reduce their production costs by supplying farm inputs and credit services at reasonable prices, we should also improve cooperative marketing facilities in rural and urban areas in order to facilitate food distribution and access.

Third, we should try to make the people formulate a national consensus on the importance of food security, and continue to emphasize extension services on production technologies as well as education

programs on nutrition, particularly for children and women.

To reach our full potential, we should ensure that equal opportunity be provided for women farmers whose various roles in agriculture and cooperative development have become increasingly important.

Fourth, we should strive to contribute to the sustainable development of the local communities through the development and dissemination of sustainable food production technology and information related to environmental conservation in rural areas.

Finally, the most essential factor in fostering food security is to consolidate cooperation among cooperatives. We have to share the cooperative spirit of caring for others, exchange information and technology on processing and marketing in the region.

It will be practical to adopt collective action in regions that have similar diet and food preferences, and between cooperatives in developing and developed countries.

Experiences of Korean Agricultural Cooperatives

I would like to take this opportunity to briefly convey the experiences of Korean agricultural cooperatives in contributing to national food security.

Established in 1961, Korean agricultural cooperatives started with a multi-purpose system which carries out diversified activities integrally related to agriculture and rural development.

Its diversified functions include marketing, supply inputs, credit and banking, and extension to cover the various needs of member farmers who carry out multi-crop farming with rice being dominant.

We believe our approach has decisively contributed to increasing agricultural production, especially a stable supply of rice, the Korean staple food.

In order to promote group farming of family farms, cooperatives have organized crop-based farming groups at the village level nationwide.

This grass-root organization of cooperatives has received the credit, technical assistance and farm-inputs for their specific crop farming while acting as the majority in cooperative marketing in Korea.

In particular for rice production, the numbers of group have increased sharply because of policy emphasis on rice production.

In addition, the numbers of 'corporate farms' among family farmers are increasing, while cooperatives try to enlarge the management scale of farmers' collective farming.

With respect to food processing and distribution, we recently com-

pleted construction of over 140 Rice Processing Complexes. This modern type of post-harvest technology allows farmers and consumers to have good quality rice and good economic returns. We also emphasize food distribution through the establishment of distribution centres and retail outlets like supermarkets and hyper-markets in consumer's area

In order to provide additional income for farmers, food processing has been another stream-line of the cooperative business in Korea. In total, 182 processing plants are in operation to generate and return the added value of farm products for member farmers.

At the same time, we have endeavoured to safeguard the environment through promoting quality standards and 'soil revitalization movement' in order to encourage farmers to produce safe and quality products.

In order to finance various development programs and credit projects including cooperative business, the total deposit to cooperative banking reached over 85 billion US dollars, and the National Agricultural Cooperative Federation ranked as the top deposit bank in Korea.

Despite the rapid growth in the cooperative business, we are facing a more challenging task. Since Korea was further obliged to open the domestic food market under new trade rules, the self-sufficiency rate in food grain dropped drastically to under 30 per cent in 1996 from over 80 per cent in 1970. There was also a sharp decline in the farming population from 14 million to 5 million over the same period.

We, agricultural cooperatives in Korea, together with two million small family farms, will continue to make every effort to improve national food security.

Conclusion

This Ministerial Conference of cooperatives is specially meaningful because it provides us with an opportunity to reaffirm our collective will to achieve food security in the Asia-Pacific region.

I wish to call for the favourable support of governments in the region; to make policies to provide family farmers and their organizations with incentives to promote their vital role in food security.

International communities should also approach the agricultural trade issue not only by acknowledging the different stages in economic development and social and cultural differences among nations, but also by considering the multifunctional character of agriculture.

As the world economy become more privatized, decentralized, and commercialized, food production and trade are further concentrated in the limited number of food exporters and exporting countries, while food

security in developing and food importing countries does not show any sign of improvement.

We, cooperative leaders in this region must take a leading role and a responsibility for small family farms with the cooperative spirit, and thus establish firm bases of self-reliant food production in the region.

Considering the dominant size of the population in this region of the world, we all know that no other region can feed this region. We must rely on the cooperative spirit of self-help and self-reliance.

COUNTRY STATEMENTS

COUNTRY STATEMENTS

China

**Hon'ble Mu Li, Vice President, (Vice Minister)
All China Federation of Supply & Marketing Coops**

First of all, allow me to express, on behalf of the Chinese Government and All China Federation of Supply and Marketing Cooperatives, our heartfelt thanks to the Government of Thailand and Cooperative League of Thailand – hosts of this big event, for their good arrangements for the meeting and warm hospitalities to all of us.

In the last few years, the Cooperative Ministerial Conferences for Asia and the Pacific initiated and organized by ICA ROAP have made great contributions to improving the mutual understanding and cooperation among Asian and Pacific countries, developing the economy and cooperatives in our region, and enhancing Governments' support to cooperatives. We very much appreciate this creative work.

It is nearly 20 years since China started the economic reform and opening up to the outside world. The economy of China has developed rapidly and people's living standard has risen quickly. In 1996, the GDP reached RMB6,770 billion yuan and the foreign trade volume totaled nearly US\$289 billion. China, as a big agricultural country, has 80% of its population in the rural areas and is feeding 22% of the world's population with merely 7% of the world's acre. The Chinese Supply and Marketing Cooperatives play a very important role in developing the agricultural production and promoting the progress of the rural social economy. The Chinese Government always support the development of cooperatives through various favourable policies and make it possible for the cooperatives to have developed rapidly and healthily. At present, the nationwide supply and marketing cooperatives (SMCs) involve 180 million member households, RMB25 billion yuan share capital, nearly 1 million business facilities, RMB85 billion yuan equity capital with an annual business turnover of more than RMB1,230 billion yuan. The Chinese SMCs have become an important force in the rural economic development in China.

However, it must be recognized that SMCs also have some problems. A few examples are: the SMCs operational mechanism does not comply with the requirements of the market economy and the service functions are not satisfactory. For the further reform and development of SMCs, Chinese Government specially stipulated a document in February 1995, emphasizing that cooperatives are an important force to prosper

the Chinese rural economy and requiring Governments at all levels to attach importance on and give support to SMCs and to create favourable conditions for the reform and development of SMCs. In the May of 1995, the 2nd National Congress of SMCs completely summed up the development achievements and positive and negative experiences over the last 40 years, analyzed the situation facing the agriculture, the countryside and the SMCs under the new condition of socialist market economy and clearly pointed out the guiding ideology for the reform and development of SMCs and the policy for the future work.

In the transformation of Chinese economy to the socialist market economy, the mass farmers desire various economic, technical and informational services and to enter into the market as a united force. Meanwhile, the State also needs to strengthen its guidance and regulation on the rural economy. For playing their role and undertaking their due responsibilities in this circumstances, the SMCs must exercise realistic and effective policies and measures in order to make SMCs truly farmers' cooperative organizations, to spare no efforts to fulfill the tasks of providing comprehensive services to the agriculture, the rural areas and the farmers, and to become the bridge for consolidating the ties between the Government and the farmers.

SMCs, for their survival and development in the market economy, must adjust the present organizational structure, enlarge the scale of primary societies, re-establish societies based on the economic region, and exercise scale operation for scale benefit. The cooperative advantages of unity and cooperation must be brought into full play in order to take part in the market competition with combined stronger economic strength. Only so, can SMCs be in an advantageous position in the market competition to provide different services to the members.

In promoting the industrialization of agriculture, SMCs must integrate trade, industry and agriculture in the way of having farmers produce according to the needs of the market. SMCs must help to increase both the quality and quantity of farm produces through providing farmers with advanced production technology and means of production on time and improve the income of farmer members through developing processing of farm produces value addition.

SMCs must further enhance cooperative education and technical training, to continuously improve the competence of cooperative members, staff and leaders. This is the prerequisite for meeting the challenges of the market economy and the industrialization of agriculture. The competition in 21st century is the competition for the talented people. Cooperatives can not make sure of their continued progress without involving persons of ability from the society into the cooperative movement.

Cooperative legislative work is a condition of vital importance in the development. Cooperative legislation can provide a legal frame and rules of action for cooperatives in their business operations and safeguard the interests and rights of cooperatives [The Law on SMCs of The People's Republic of China] has already been included in the legislation list of the State Council and will be submitted soon to the National People's Congress for consideration and approval.

Along with the globalization and marketization of the economy, cooperation and exchanges on economy, technology and trade with foreign enterprises and cooperatives become an urgent task for Chinese SMCs, and even for cooperatives in the whole Asia and the Pacific Region. Only by actively taking part in the great international market and international economic cooperation can cooperatives hold their position in the world's economy in the next century. Chinese Government, as usual will adhere to the line of reform and opening up and continuously support the Chinese SMCs to develop the economic, technical and trade cooperation and friendship exchanges with cooperatives of other countries on the basis of equality and mutual benefit. The Chinese SMCs will also make our due active contributions.

Fiji

Hon'ble Berenado Vunibobo, Minister for Finance and Economic Development

I am indeed honoured to be with you today on this occasion of the 4th Asia-Pacific Conference of Cooperative Ministers. My presence here today as representative of the Government of the Republic of Fiji shows the support and recognition that we accord to this Conference and the invitation to attend this meeting is also an indication to us of the increasing recognition ICA is giving to our part of the Pacific.

Ties between the Pacific and the Asia region are strengthening, given the greater emphasis we have placed on developing business, trade, tourism and investment opportunities with ICA member countries. We see this forum as one that will continue to assist the establishment of a vibrant network, which we can utilise in our own Cooperative development.

Further, the wide representation and delegates present at this meeting, I am sure, comprise an integral part of the International Cooperative family. We from small nations of the Pacific region are privileged to be part of this regional network, for it gives us the opportunity to learn and share the experiences of our larger neighbours in Asia.

The Conference's theme 'Cooperatives in the Changing Socio-Economic Environment' is timely as we try to position ourselves in the global economy and adjust to the various economic, trade and financial reforms that are being pursued globally.

These economic reforms are based on the assumption that they will lead to low inflation, high productivity, accelerated economic growth, greater employment generation and enhancement of export. However, the experiences of our neighbouring developing countries has shown that these reforms are not to be taken for granted as a panacea for all economic ills, but that subject to appropriate safeguards, they can be an effective tool towards economic revitalisation.

Changes in the socio-economic environment in the Asia Pacific region are happening at such a rapid pace that Cooperatives must not be satisfied with just carrying out businesses as usual. Cooperatives must continue to adjust themselves, both as businesses as well as value driven enterprises. The onslaught of globalisation has already set in motion far-reaching economic reforms by many governments in the Asia-Pacific region. However, it is necessary to caution that these reforms must not be applied indiscriminately.

In the global cooperative arena we are witnessing a threshold in which the new "Cooperative Identity" is being propagated for its faithful application. Indeed, the declaration of "Cooperative Identity" at the Manchester Centennial Congress two years ago, is crucial in attempts made to preserve true cooperativism in the wake of changes in the global socio-economic environment. This Cooperative Identity has set the basis for endeavours being taken by Cooperative institutions worldwide. This, in effect, also dictates the need for refinements in existing programs set by Cooperatives everywhere around the world.

I personally believe that the theme of our conference reflects the distance and vastness we have come since we first joined forces to promote and improve Cooperative alliances between our Asia-Pacific region. At that time, there were divisions that needed to be healed in terms of trading relationships, and bridges to be crossed before we are able to settle into the relatively stable and Cooperative environment we all now share.

Brief Overview of Cooperative Movement in Fiji

May I, at this juncture give you a brief overview of our cooperative movement in Fiji. The movement is made up of four main sectors, namely :

1. The Consumer Marketing Sector;
2. The Agricultural Sector;
3. The Thrift and Credit Sector;
4. The Land Purchase and Land Holding Sector.

The development of Cooperative in Fiji is mainly concentrated at the primary level. In the Consumer Marketing and Agriculture Sectors, the Cooperative involvement is largely two-fold; retailing and production of raw materials. Approximately 531 Cooperative Societies representing 26,000 families in Fiji are involved in the Cooperative movement.

The Government of the Republic of Fiji continues to play the role of a facilitator through policy initiatives aimed at creating a favourable environment for cooperatives to play a fuller role in a community based and people's organisation.

Recent development which have taken place in the Fiji Cooperative Movement since the Sri Lanka Conference include :

- * the revision of the Cooperative Act and its passage through Parliament in October 1996. This new legislation will give greater autonomy to cooperatives to run their own affairs and become completely autonomous.
- * we have maintained momentum in education, publicity and

intensive campaigning to educate members and the general public about the socio-economic objective of Cooperatives.

increased international assistance in the form of workshops, consultations, consultancy missions and visitation programmes. By way of an example, an integrated Human Resource Development initiative for employment promotion in Fiji is being undertaken with the assistance of ILO. Our movement has been identified as one of the seven priority areas under this initiative. Findings from this programme will assist in improving training to our members and, more importantly, create employment opportunities for our people.

We, in Fiji, have made major structural adjustments in recent years with the objective of meeting the challenges of global socio-economic changes and for our own economic development. This has implications for the way in which Government interacts with the Cooperative Movement.

Our vision for Fiji's future centres on accelerated economic growth through private sector initiative and an emphasis on exporting. My Government recognises that private sector companies operating in open markets provide the essential driving force of the economy. It is my Government's responsibility to set the macro-economic conditions for efficient private sector involvement.

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

Government has emphasised over the years the importance of developing the Cooperative structure and network as an important machinery to facilitate rural development and to involve the rural traditional sector in the mainstream of economic development.

As a matter of Government policy, emphasis has been placed on the promotion, establishment and operations of rural income generating Cooperative societies. The enactment of the new Cooperative Act should ensure the transfer of development functions from the public administration to the national apex of the Cooperative movement. This would include training for the members within the Cooperative Movement, supervision and control of operations at the lower level of the structure of the Cooperative movement.

My Government is committed in ensuring that the benefits of development are shared by all sections of our community. Women, in particular, are being encouraged to become involved in the formal sectors of the economy. The Cooperative movement an important vehicle in the pursuit of this objective.

I have just provided you with an overview of Cooperative development in Fiji. The main thrust for our development initiatives is centered on the need to improve the quality of life for our people. The Cooperative movement in Fiji is making a contribution to this and my Government will continue to promote Cooperatives in the mainstream of our economic development.

My Government believes that cooperative movements in the Asia-Pacific region have a lot to offer in improving the socio-economic conditions of our people as well as contributing to our overall national development.

We can achieve that by supporting each other on the basis of trust, collaboration, respect, sharing of ideas and mutual understanding.

Conclusion

The Fiji delegation is keen to take back with us to Fiji the benefits of lessons learned from this Conference.

May I conclude by thanking ICA ROAP, the Government of the Kingdom of Thailand and the Cooperative League of Thailand for the invitation extended to me to attend this conference and the Cooperative League of Thailand for the warm hospitality extended to our delegation.

India

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

At the outset, I convey greetings of National Cooperative Union of India, the apex body of Indian Cooperative Movement. I also congratulate International Cooperative Alliance for convening the Ministers' Conference which has become a very important forum not only for exchange of views among the cooperative sector of Asia and the Pacific region but also an instrument of forging abiding relationship between the Governments and Cooperative Movements of the region. I am grateful to ICA for inviting me and my Minister to participate in the Conference.

Indian Cooperative Movement which is a very large and diversified segment of economy, has been steadily growing and it has made its presence felt in all the areas in region of our country and also in the spheres of national business and economic activities. It has built up a massive resource base through members' efforts. There are 411,123 cooperatives with membership of more than 197.80 million people. The share capital and working capital of these institutions amounting to Rs. 93501.8 millions and Rs. 1313,843 millions respectively. They have covered 99.5% of the villages. A strong federal structure with 396,175 primary societies, 2331 district level federations, 284 state level cooperative federations and 21 national level federations has been created by the cooperative movement. This has facilitated the integration of remotest villages with the national and international economies. The most important feature of cooperative movement is that although it has been a government supported economic sector the participation of the government in its share capital is hardly 20.68%.

The cooperative sector has reflected its potentiality and strength to mobilise its internal resources and strength to serve the people of limited means by providing them organisational strength. However, with the implementation of new economic policy aiming at the establishment of market-oriented competitive economy and gradual decline in government in economic activities survival of cooperatives would depend on their efficiency and serviceability.

I am happy to inform this august gathering that there has been growing realisation on the part of Indian Cooperative Movement in this regard. We have undertaken a pragmatic analysis of strengths and weaknesses of cooperative system and have noted that inspite of its very large and diversified growth, cooperative sector reflects a number of

weaknesses and inadequacies in its structure and operations and therefore, it should undertake a very comprehensive exercise for re-engineering its functions and management keeping in view not only the inadequacies but also emerging opportunities in a liberalised market economy.

It was with this consideration that immediately after Colombo Ministerial Conference National Cooperative Union of India convened an expert consultation and cooperative convention on various issues relating to adjustment of cooperatives in the new economic environment. These fora were organised in collaboration with International Labour Organisation and various conceptual, structural and managerial aspects relating to process of adjustment in cooperative of new economic environment were discussed and workable recommendations were made. Besides, the National Cooperative Union of India, in its capacity as the apex body of Indian Cooperative Movement, submitted a number of memoranda to the Government on various aspects of positioning of cooperatives in a market oriented economy.

These issues were also deliberated at the highest forum of Indian Cooperative Movement, namely, Indian Cooperative Congress convened on 21st-22nd January, 1997. The Cooperative Congress was inaugurated by Hon'ble Prime Minister of India and presided over by Hon'ble Minister of Agriculture and Cooperation of Government of India. The Cooperative Congress urged upon the Government to create conducive environment for cooperatives to develop as viable, self-reliant and democratic enterprises.

I am happy to inform this august gathering that these efforts have borne fruits and there has been a very encouraging trend at policy making level in the Government of India. The Hon'ble Minister has constituted a Standing Advisory Group within the Ministry of Agriculture and Cooperation to make recommendations on various issues relating to cooperative development. In this Standing Policy Advisory Group, the NCUI in its capacity of apex body of Indian Cooperative Movement is associated as its member. Similarly the Planning Commission of the country has, for the first time, included in the approach paper of 9th Five Year Plan policy perception on cooperative development on sustained basis. Thus the Government have recognised cooperatives as a specific sector in the Five Year Plan and have met a long pending demand of Indian Cooperative Movement.

The Government of India have also drafted a National Cooperative Policy which is likely to be adopted by the Parliament shortly. Besides, the NCUI has also approached the Government to evolve some sort of constitutional protection, so as to preserve and protect the identity of cooperative based on principles of cooperation.

At Government level a five point strategy is under implementation

to facilitate the transit of cooperatives from the government protected and dependent system to a self-reliant autonomous and vibrant economic system. Components of this strategy are : (a) Reformation of Cooperative Law; (b) Formulation of Cooperative Policy; (c) Strengthening of primary agricultural cooperative societies; (d) Re-orientation of the functioning of federal cooperatives to meet the needs for their constituent member organisations; and (e) Increasing involvement of rural poor and women in the cooperatives by organising their self-help groups.

Government have reflected their commitment to promote and strengthen democratic cooperative institutions. The process of reformation of cooperative law, though slower, has gained momentum. The process of amendment of Multi State Cooperative Societies Act has commenced. Opinions of the cooperative movement and the representative organisations like National Coop. Union of India have been obtained by the Central Government. It is expected that the amended Multi State Cooperative Societies Law will be placed in the current session of the Parliament.

We are conscious that the Government assistance, hitherto available to cooperatives, may be gradually reduced in future and, therefore, the cooperatives will have to mobilise their own resources so as to become self-reliant. But sudden stoppage of Government support may create difficulties for cooperatives particularly those of weaker sections. This calls for a well thought out plan of action on the part of the Government to facilitate smooth and productive graduation of state protected and supported cooperative system into self-reliant, self-regulated cooperative enterprises. Further, it is also necessary that cooperatives should shed their traditional approach and should branch out in newer areas. The National Cooperative Union of India has identified new areas in which cooperatives should be promoted. These areas are tourism, insurance, agro-processing, international trade, power and electricity.

Promotion of cooperatives in backward regions of the country is yet another dimension which requires attention of cooperative developmental agencies. We have vast areas covered by hilly and tribal regions. Besides, there are far flung areas like Sikkim, Lakshdweep, Andaman & Nicobar Islands and North-Eastern States. For such regions, a pragmatic approach has to be adopted and a comprehensive action plan needs to be prepared.

Gender integration in the cooperative sector is yet another priority area which needs to be focussed. The National Cooperative Union of India has pleaded with the Government to provide necessary legal framework which may facilitate increasing involvement of women in cooperative movement. For creating independent and cohesive organisational struc-

ture of women cooperatives, federal organisations are being promoted. So far 8 State level women cooperative federations have been organised. The process of incorporation of National Federation of Women Cooperatives has been initiated.

There has been greater realisation on the part of cooperative movement for evolving workable HRD policies and practices to meet their managerial requirements. Following steps taken at the level of cooperative sector are worth mentioning in this regard:

- (a) introduction of a full-fledged two-year MBA in Cooperative Management at the VAMNICOM of NCUI for managerial personnel and Diploma Cooperative Education & Development at National Centre for Cooperative Education for educators within cooperative sector.
- (b) organisation of nearly 400 types of job-based functional training programmes.
- (c) implementation of an action plan for revamping the Junior Cooperative Training Centres with the technical support of the ILO COOPNET.
- (d) adoption of project approach for cooperative member education programme with a view to improving its effectiveness in improving the operational efficiency of primary agricultural cooperatives and productivity of their members, apart from creating awareness among the members about the ideology and philosophy of cooperatives.
- (e) completion of comprehensive study of State Cooperative Unions to prepare an action plan.

Last but not the least important matter of concern for cooperatives in the changed context of liberalisation is the preservation and protection of their identity as visualised by International Cooperative Alliance. I am happy to inform you that the Indian Cooperative movement has fully endorsed the recommendations of the Manchester Congress on Cooperative Identity. Immediately after Manchester Congress, the National Cooperative Union of India placed the Statement on Cooperative Identity before its Governing Council and, subsequently, before the Indian Cooperative Congress held in the month of January, 1997. A comprehensive action programme to implement the statement of cooperative identity has been formulated. Important components of this action programme are : (a) Incorporation of Statement of Cooperative Identity in the Bye-laws & Business Policy of Cooperatives; (b) Cooperative Law; and (c) Translation of the Statement in various Regional Languages for its widespread transmission.

We have also initiated steps to formulate specific training and

education modules for the employees, members and leaders of cooperatives for sensitising them with the important aspects of cooperative identity. With this package of efforts, Indian cooperative movement is quite optimistic to sail through the waves of competition and market forces and to emerge stronger. With these words, I once again greet you all and express my gratitude to ICA to invite me to participate in this Cooperation Ministers' Conference.

India

**Mr. J. P. Singh, Managing Director,
National Cooperative Development Corporation**

Major Policy Developments after Third Ministers' Conference held in Colombo in 1994

Historically, the growth of cooperatives in India is nearly a century old. During this period there has been a prolific growth in the cooperative sector, specially after post-Independence era when the Government made it an integral part of the process of economic development and placed greater reliance on taking care of the needs of various sectors of the national economy. Cooperatives have played a pivotal role in the socio-economic development not only of the rural economy but have also emerged as an important segment in the urban sector of the economy. There are now over four lakh cooperative societies encompassing both the rural and the urban sector and covering major agricultural commodities, rural credit, industrial and consumer cooperatives. Cooperatives now cover more than 99.5% villages in the country. Cooperatives have a major share in processing of sugar, cotton textile mills, rural credit, milk and fertiliser.

Since 1991, the Government has introduced a policy of economic reforms through liberalisation, privatisation and globalisation. In view of this, the cooperative movement has been making attempts to address itself to meet the challenges ushered in by the new economic policies. Looking to the gigantic size of cooperative structure in India, and the large agrarian sector, Government realises the importance of cooperatives in the economy in the wake of the process of liberalisation of the economy and recognises the need for assigning a meaningful role to the cooperatives in the changed economic situation. With this in view, the Government has initiated the process of reformation of the legal framework governing the cooperative institutions, both at the Central and State levels.

While the amendment in Multi-State Cooperative Societies Act have been drafted for consideration of Cabinet and enactment by Parliament, in some of the States cooperative laws have been amended based on the Model Cooperative Law recommended by Ch. Braham Perakash Committee and also based on the local situation.

Similarly, the Government of India have also drafted a National Cooperative Policy which is likely to be adopted shortly. Approach Paper to 9th Five Year Plan commencing from April, 1997 specifically emphasises on cooperative federalism outlining the strategy for promoting

cooperatives at national, state, district and local levels so as to ensure the cooperative development in its totality.

Sectoral Developments

In the sphere of sectoral developments, the following changes have taken place after Colombo Ministerial Conference :

(a) Cooperative Credit and Banking System

- i) increase in share of cooperatives in agricultural finance from 43 to 60 per cent in spite of open competition with the commercial banking institutions;
- ii) significant diversification of deposit and loan portfolio of agricultural credit cooperative institutions by undertaking financing of non-farm based activities;
- iii) greater emphasis on strengthening the Primary Agricultural Cooperative Societies (PACS) through implementation of Business Development Plans;
- iv) introducing of Prudential Norms for dealing with problems of capital adequacy and NPA (Non-performing Assets) to enhance the cooperativeness of banking institutions;
- v) concern of cooperative credit and banking institutions to deal with the problems of overdues;
- vi) modification in the policy of directed finance for cooperative credit and banking institutions;
- vii) involvement of Cooperative Agricultural and Rural Development Banks which mainly deal with the investment finance in the field of non-farm based finance such as rural housing, horticulture, dairying etc.

(b) Cooperative Agro-Processing

- i) With the introduction of liberalised economy, possibility to delicense the cooperative agro-processing industry is under review;
- ii) The problem of sickness and its redressal is also receiving adequate attention.

(c) Consumer Cooperatives

With a view to strengthening consumer cooperative movement, Government of India appointed a Committee which recommended an action plan for consumer cooperatives at different levels. An action plan for revival of Nationals Consumers Cooperative Federation has also been prepared which is under implementation. As a result of implementation

of this action plan, the National Consumers Cooperative Federation has started to look up in its operations.

Following the Colombo Ministerial Conference and realising the need for bringing in changes relating to cooperatives, the Government of India has appointed a High Level Committee in the Ministry of Agriculture, Department of Agriculture and Cooperative to formulate a policy governing the various issues relating to cooperatives, specially in the context of the changes consequent upon the liberalisation of the economy. At Government level, a five-point strategy consisting following components is under implementation to enable cooperatives to adjust themselves in the new economic environment:-

- (a) reformation of Cooperative Law;
- (b) formulation of National Cooperative Policy;
- (c) strengthening of Primary Agricultural Cooperative Societies through Business Development Planning.
- (d) re-orienting the functioning of federal cooperatives to meet the needs for their constituent member organisations.
- (e) increasing involvement of rural poor and women in the cooperatives by organising their self-help groups.

Some of the big cooperative organisations like IFFCO prepared a perspective plan for 21st century keeping in view the challenges of the new economic environment.

There has been greater realisation on the part of cooperative movement for evolving workable HRD policies and practices to meet their managerial requirements. Following steps taken at the level of cooperative sector are worth mentioning in this regard. Steps are being taken to integrate the output of various cooperative training institutions to make it more in tune with the current and future needs of the cooperatives at all levels. In order to be competitive, there is a need to ensure abundant supply of trained personnel to man different Cooperative Societies. There is an acute need to upgrade the training input.

There are a host of well established training institutions in the country like the Vaikunth Mehta National Institute for Cooperative Management. The TOPIC Centre of NCDC and the ACSTI run by the Apex Cooperative Banks of different States. These institutions will cater to the emerging human resource development needs of the cooperatives. Efforts will be made to synergise the outputs of these individual institutions.

Changes in Cooperative Law

The Government fully recognises the need to amend Cooperative Laws. In this process recommendations of Cooperative Ministers' Confer-

ence convened by International Cooperative Alliance from time to time and the Model Cooperative Law recommended by Ch. Braham Perakash Committee have been kept in view. So far the following States have amended their cooperative laws:

- i) Andhra Pradesh : Total autonomy has been granted to those cooperative societies which have not obtained any state assistance. This law is known as "The A.P. Mutually aided Cooperative Societies Act of 1995".
- ii) Orissa : Only a few amendments have been made on the basis of Model Cooperative Law recommended by Ch. Braham Perakash Committee. The nature and directions of amendment is to grant more freedom to the cooperatives in their day to day functions, at the same time retaining the control of the Government.
- iii) Madhya Pradesh : Amendments by doing away with provisions relating to surcharge proceedings, supportive supercessions of the Board of Management of cooperatives have been made. Besides the provision has also been made to enable cooperatives to facilitate the organisation of investment companies.
- iv) Rajasthan : A provision has been incorporated in the Rajasthan Cooperative Societies Act to grant autonomy to those cooperatives which have not obtained any assistance from the Government.
- v) Uttar Pradesh : Only a few minor amendments have been made without any material changes in the existing State Cooperative Laws.

In other States, process of amendment has been initiated. In Himachal Pradesh and Karnataka draft amended cooperative law is ready for consideration of cabinet and State Legislature. In Gujarat and Kerala Expert Committees have been appointed to draft the amendment of cooperative law. In Bihar, the cooperative law has been amended on the basis of Model Cooperative Law recommended by Ch. Braham Perakash Committee. However, it is yet to be notified in the Gazette.

The nature and directions of the amendments and the approach to amendment of cooperative law is to grant autonomy to cooperatives by reducing the powers of the Registrar, Cooperative Societies so that cooperatives can function in consonance with the changed needs and as commercial enterprises.

At the Central Government level too the process of amendment of Multi-State Cooperative Societies Act has commenced. Opinions of the cooperative movement and the representative organisations like National Cooperative Union of India have been obtained by the Central Government. It is expected that the amended Multi-State Cooperative Societies Law will be passed soon by the Parliament.

Cooperative Development Plan

In the changed economic scenario, the liberal assistance which was extended to cooperatives will have to be somewhat curtailed in future. It would, therefore, be desirable for cooperatives to initiate measures to mobilise their own resources and to become self-reliant. However, the Government would continue to support agricultural cooperatives and cooperatives of weaker sections specially in the under-developed parts of the country. The Government will plan a course of action to facilitate a smooth and gradual transition from dependence of cooperatives on the State into more self-reliant and self-sustaining cooperatives. However, it is also necessary that cooperatives should evolve a new and non-traditional approach to discover new avenues for diversification, specially in such activities such as tourism, agro-processing, international trade, power and electricity and the service sector.

Promotion of cooperatives in backward regions of the country is yet another dimension which requires attention of cooperative developmental agencies. We have vast areas covered by hilly and tribal regions. Besides, there are far flung areas like Sikkim, Lakshadweep, Andaman and Nicobar Islands and North-Eastern States. For such regions a pragmatic approach has to be adopted and a comprehensive action plan needs to be prepared.

Due importance is also being attached to the issue of gender integration in the cooperative sector and priority will be accorded in a more focused manner so that more women cooperatives are set up at all levels, necessary corrective measures will be initiated at all concerned levels to give effect to gender integration.

In the end it would be proper to mention that the place of cooperatives in the socio-economic life of the country would not diminish with the passage of time, though the content, form and extent of its involvement may undergo a substantial change which would be brought about in order to make the cooperatives compete with the other sectors of the economy and retain their competitive edge in spite of the accelerated process of privatisation and the growth of the market-oriented economy. The Government stands by its commitment to ensure all possible help by initiation of appropriate policies to sustain the cooperative movement in India. This intention of the Government is clearly borne out in the Ninth Five Year Plan which is about to commence from April 1997.

India

Dr. S. S. Sisodia, President, National Federation of Urban Cooperative Banks and Credit Societies Ltd.

“Credit Cooperatives in Changing Socio-Economic Environment - Indian Context”

The socio-economic environment of any country is a dynamic parameter which is ever changing. The continuum of socio-economic change, however, is steady, though it may not be manifested most of the time. And yet at regular intervals there come periods marked by changes that are drastic and sweeping. In the last 100 years of its existence the cooperative movement has witnessed changes in socio-economic environment ranging from fairly comfortable Victorian times to the depression of the post - first world war period, followed by a spurt in socialism in large parts of the world, the second world war and the subsequent period of the cold war, and finally the nadir of socialism. During the past seventy years the cooperative sector has come to be recognised as an acceptable alternative to extreme capitalism and not so successful socialism. Since human beings are instinctively more prone to compete than to cooperate, cooperation, by and large, has been regarded as a utopia. But cooperatives with their performance and resilience have time and again disproved this belief. The 80s and the 90s have seen a virtual explosion in information technology which has shrunk the world to such an extent that socially and economically it is moving towards complete globalisation. Tariff barriers are rapidly disappearing, there are no more water tight compartments as far as economies of different countries are concerned.

Cooperatives have generally been localised institutions doing business to benefit its members. However, the fast changing market-driven economies appear to pose a threat of throwing cooperatives into oblivion, if they do not become aggressive, efficient and professional in their approach.

In recent years all the developing countries, especially in the Asian region, have been going through the process of restructuring. India, one of the largest closed and inward looking economies in the region has been rather late in initiating reforms to restructure itself. The restructuring process which began around 1991, included extensive deregulation by loosening bureaucratic controls, lowering of tariff barriers, lowering and streamlining of excise duty, reduction in income tax and far reaching financial reforms based on the recommendations of Narsimham Committee specially constituted for the purpose. The basic objective of all these moves was to increase the rate of industrial

production and efficiency through increased competition, and greater inflow of investments with consequent increase in employment generation to reduce unemployment levels and raise per capita income.

In the banking sector in particular, some of the far reaching decisions taken included deregulation of interest rates on deposits as well as advances, permission to banks to increase capital base through public issues, full functional autonomy, and most significantly licence to open banks in the private sector and also to foreign banks for opening branches in India.

To be able to appreciate the impact of these changes in the banking sector, particularly the cooperative banking sector, we need to take a brief look at the composition of the entire banking sector in India.

Making our first division on the basis of profit oriented approach, we could divide the entire banking sector into two segments - commercial banks and cooperative banks. The commercial banking sector consists of nationalised banks, private sector banks and foreign banks.

The second major dimension along which a division can be made is related to the sectors to which banks are disbursing credit, viz. agricultural sector and non-agricultural sector. These divisions however, it may be clarified, are not watertight and have been made with a view to highlighting the competition that cooperative banks face in the changing socio-economic scenario.

The cooperative credit sector in India too can be broadly categorised into two groups - agricultural cooperative credit and non-agricultural cooperative credit.

The agricultural cooperative credit sector spread uniformly all over the country is essentially a three tier structure in each state with primary agricultural cooperative societies at the village level, district central cooperative banks at the district level and an apex state cooperative bank at the state level. This sector has a considerable financial participation of the government. Consequently, the State has significant control over these cooperatives which undermines the democratic character of these institutions. Each State has a cooperative act of its own and all the acts provide for vast regulatory powers to the State government.

In the commercial sector, besides the nationalised and private sector banks which are mandatorily required to lend a certain minimum percentage of their loans to the 'priority sector' of which agricultural sector contributes an important component, the agricultural cooperative banks are in direct competition with Regional Rural Banks and a few other banks all of which have predominantly government participation in their equity.

The non-agricultural cooperative credit sector of which the National

Federation of Urban Cooperative Banks and Credit Societies is the apex promotional body comprises urban cooperative banks and credit societies which have grown without any government support. Most of these institutions operate in metropolitan, urban and semi-urban areas. However, they are also subject to state control under the respective state cooperative societies acts.

It may also be added that the changing socio - economic environment in India is fast bridging the gap between the urban and rural divide. Consequently the agricultural sector now connotes agro-processing and allied activities also which is fostering development of industrial base in the rural sector as well. In the light of this, recently, the urban cooperative banks in India have been permitted to shed their purely urban/semi-urban image and have been permitted to finance agricultural activities. They are, thus poised to be complete banks catering to credit needs of all sections of society.

As for its composition, the urban cooperative credit sector is like a microcosm of the banking sector on the whole with the size of these banks varying from one branch to banks with the number of branches running into double digits. And yet the sector on the whole has a distinct character which has been very aptly summed up in a comment by the Reserve Bank of India. The central bank observes, "Urban cooperative banks are one of the important constituents of the multi-agency banking system in the country. The distinguishing features are democratic management, local feel and familiarity, compactness in area of operation and mutual knowledge of members. These special characteristics strengthen the system to ensure a close supervision over the end use of credit and prompt recovery of dues from the borrowers".

Thus, the urban cooperative banks have certain strengths that the public and private sector banks lack. They are small sized banks, many of them have one or two branches. They have a thorough knowledge of their area of operation and members to whom they sanction loans. Their overheads and cost of operation are much less than that of the commercial banks. On account of local feel, the quality of lending and consequently recovery percentage is much better. With these strengths, the smaller of urban cooperative banks can surely overcome their weaknesses and position themselves to take maximum advantage of the opportunities that are being presented to them with the onset of an era of liberalisation.

As for their weaknesses, many of them are plagued by their inability to comprehend that they are essentially financial institutions of a size which do not have the cushion to absorb the damages caused by mismanagement and injudicious lending. Hence, they have to be carefully nurtured and managed well in order to be helpful to its members. For this, it is important that the promoters and the board of directors are

honest, selfless and respected persons of the area who can impart proper education to the members regarding their responsibilities. The Reserve Bank of India has been emphasising time and again the importance of professionalising the management and the need for directors involving themselves more meaningfully in the affairs of the bank without unduly interfering in its day to day working.

If the managements of all the urban banks become aware of the concept of enlightened management and adopt prudent lending practices and good customer service, there is no reason why they should not become most popular banks in their areas of operation and reap the benefits of buoyant economy by way of increased inflow of deposits and business. For, urban cooperative banks, unlike their commercial counterparts, belong to the area where they operate and people would naturally prefer to deal with them rather than banks from outside provided they win their trust with sound banking practices and good customer services.

The larger urban cooperative banks, which have a good network of branches and deposit base, comparable to commercial banks, will have to face stiffer competition and work harder to take advantage of the opportunities that are being made available by the liberalisation policies. However, they also have certain distinct advantages. Being of compact size, they can restructure their organisation more easily and computerise their branches much faster. Many of them have already started appointing competent professionals to manage their operations. They are fighting their way out to get permission for entering certain profitable lines of activities like foreign exchange business and merchant banking.

Despite the whole gamut of opportunities thrown open to urban cooperative banks in the rapidly changing economic scenario, the road to success remains very hard for them not just on account of certain inherent weaknesses but also on account of factors beyond their control. There are a number of provisions in the cooperative societies acts of different states which attack and create hindrances in the autonomy of these banks. The National Federation has been trying to reason out with the central and state governments that urban cooperative banks are institutions which run their affairs through a democratically elected board and have no funding whatsoever from the government. Therefore, subjecting them to unnecessary and oppressive controls through the provisions of cooperative acts is most unfair and unjust. Complete autonomy for the urban cooperative banks within the ambit of banking regulation act and recognition of the general body as the supreme authority is now the goal towards which the national federation is steering the urban cooperative credit movement.

With the confidence that the Reserve Bank of India has come to repose in the performance of urban cooperative banks and the leadership of the National Federation, the goal does not seem to be far off. The RBI

has fully recognised and appreciated the fact that the urban cooperative banks apart from achieving self reliance in the sphere of resource mobilisation have recorded a very good level of working efficiency. Concrete evidence of this confidence shown by RBI is reflected in the keenness that the central bank has shown in resolving a number of outstanding issues and problems faced by the sector, during the last one year. At the back of the concessions so granted is the RBI's conviction that these banks have a very significant role to play in poverty alleviation and in uplifting the weaker sections.

Having evolved out of the society's pressing need for credit, the urban cooperative banks in fact cannot have any serious contenders in their concern for the community. And yet they cannot rest content with what they have achieved in this regard. For, the relationship of these institutions with the society is essentially symbiotic and will have to evolve to adapt to the changing needs of the society. The most significant contribution of the urban cooperative banks towards the welfare of the society lies in the opportunities that they are providing for self employment by disbursing credit to people from the lower and the middle classes.

Implementing uniquely the concept of gender sensitivity - the idea which has gained acceptance worldwide - are our 'mahila banks' which have only women as members and are managed by women keeping in mind specific credit needs of women, their status and other factors like literacy levels and skills. In the changing social environment, when not only the literacy level of women is increasing but also there is greater awareness among women, and more and more women are acquiring degrees in professional and higher education, our 'mahila banks' will have to expand their activities to cater to women entrepreneurs from all strata of society especially the middle and poorer classes.

Population explosion, the biggest problem confronting our nation today, though challenging in itself has led to increased unemployment which at times is exploited by unscrupulous elements to mislead our youth to insidious acts of terrorism and communal violence. Urban cooperative banks can play a very important role in countering these problems by weaning away the unemployed youth from these, by providing them avenues for self - employment and thus creating a more integrated society. The urban cooperative banks in our country also organise directly social welfare programmes like blood donation camps, promoting hospitals, educational institutions, scholarships and environment protection, and donations for relief work in the event of calamities. They need to step up these programmes to further strengthen their relationship with the society and thus reap greater benefits from their major strength, i.e. 'local feel', in which they so justifiably take pride.

Indonesia

**Hon'ble Prof. Soeharto Prawirokusumo,
Deputy Minister of Cooperative and
Small Enterprises Development**

Introduction

The rapid progress of socio-economic development has opened the market economy, causing a dramatic shift in business practices. This phenomenon has been responding by the various issues of liberalization and deregulation in many countries of the world to reduce government protection and subsidy. In this condition, cooperative as well as other business entities have to challenge for maintain their own existence.

In line with the strategy to anticipating the challenging environment for Indonesian cooperative, the government has enacted the cooperative law No. 25 year of 1992 to replace the previous law No. 12 year of 1967. The objective of the new cooperative law is to give more emphasize on cooperative as a business entity without losing its identity as a people economic movement.

To respond the dynamic changing of socio-economic environment affecting the cooperative business, and to accommodate the values international cooperative concensus, the government of Indonesia remains proactive and consistent in making necessary policy adjustment. The government of Indonesia considers this meeting as an important for exchanging experiences, and strengthening commitment among participating government and ICA members in Asia-Pacific Region.

Cooperative Development and Policy

Cooperative Development

The progress of cooperative development in Indonesia, can be observed from two perspectives, namely, the cooperative growth and the role of cooperative in the development process in various sectors. The growth of cooperatives can be measured in term of the increase in number of cooperative establishment, memberships and their business volumes.

The number of cooperatives experienced a significant increase since the First Five Development Program (Pelita I). When number of cooperatives in 1973 was only 19,795, it increased to 47,145 in 1996. The number of rural cooperatives (KUDs) alone increased from 2,361 in 1973 to 9,269 in 1996.

The number of cooperative members also demonstrates a significant

increase during the last two decades. The number of cooperative members tremendously increased from 2,973,555 in 1973 to 26,409,328 in 1996. For KUD membership, it was 1,264,009 in 1973 and increased to 13,346,520 in 1995. The substantial increase in membership of cooperatives signifies a growing acceptance of the community on the importance of cooperatives.

Business activities of cooperatives largely contribute to the increase of their members' participation in business activities. The figure of cooperative business volume indicated a great progress in cooperative business activities. In 1973 cooperative business volume was 6.7 billion rupiah and it increased to 11.2 trillion rupiah in 1996.

In relation to the role of cooperatives in the development process, it is best demonstrated in the agricultural sector. The cooperative share in the agriculture sector, in particular, may be gleaned from its contribution to the agricultural development program. In this regard, cooperatives involvement were very much related to the distribution of farm inputs, processing of agriculture products, marketing, extension of credit and so forth. On this basis, (KUDs) have played active roles in increasing agricultural productivity and balancing market structure by which farmers get benefits for the most.

So far activities of cooperatives in agricultural sector are very much related to the increase of rice production and to stabilize market prices in favour of farmers as producers. Business activities of cooperative in supporting rice self-sufficiency in 1984, for instance, were largely confined to the distribution of farm inputs, processing and marketing of rice.

Other significant progress made by agricultural cooperatives since the last two decades are the roles of cooperatives as a modern organization utilizing relatively modern management practices to rural business activities and the contribution of cooperatives in poverty alleviation. In the year of 1965 there was 56 million people were under poverty line and by the same measurement the figure decreased to 11 million in 1996.

Policies

The ICA considers that the government and cooperative movement have common objectives of improving the socio-economic conditions of the people and national development. Therefore, the government should play the role of facilitator through policy initiative. This basic notion has also been the principle of promoting cooperatives in Indonesia.

The government contribution to cooperative development in Indonesia is basically to flourish cooperative development from the past failure and to gradually strengthen cooperatives in facing new economic order. The government initiatives on the promotion of cooperative in Indonesia is based on the following reasons:

- a) It is mandated by the Constitution to implement cooperative roles in the national economy. The government in this matter has responsibilities to undertake necessary supporting measures.
- b) Through government policies, integration of cooperatives to the national development process is more feasible. In this regard cooperatives will have the opportunity to participate in all sectors of development.
- c) Through government initiative, allocation of external resources to cooperatives, will be easily done. It is the fact that most of cooperatives still operate under insufficient capital and limited human resources. External support therefore, are needed to accelerate cooperative development.
- d) Through the government initiative, it is easy to establish cooperatives through the country.
- e) In the case of cooperative as infant business entity, the government has authority to provide necessary protection to safeguard cooperative life.

The concrete measures to provide conducive climate was begun by promulgating of Cooperative Law number 12 of 1967 by which at the first stage during the period of 1967 to 1992 the government responsibilities were to guide, supervise, protect and facilitate cooperatives. A great progress in the cooperative development has been achieved during the period as a strong foundation to the future development of cooperatives.

In the new socio-economic changing, it is a must for cooperatives to encounter the severe economic circumstances, since the new economic environment characterized by trade liberalization and economic policy deregulation, in which usually entail the total removal of government protection by all means. In response to the new economic environment, the government policy on the development of cooperatives is directed toward establishment of self-reliant cooperatives. The first step taken was to promulgate the new Cooperative Law number 25 of 1992. The cooperative new law emphasizes the important of business entity of cooperative societies and on the same time to function cooperatives as a social movement. Cooperatives have to develop mainly based on their own strengths.

Regarding the responsibilities and the efforts necessary given by the government to the promotion of cooperatives, the government realizes that sufficient adjusted contribution to cooperatives is still needed. The reason of necessary support to cooperatives based on the following rational:

- a) Most communities, who are weak in economic sense, still have a little access to cooperative services. The fact that the poor sector are

those of lowest participation level compared to those of economically better off.

- b) Readiness of human resources of cooperatives to enter the process of transformation from traditional way to modern one is deemed least.
- c) The tight competition in the open market economy calls for professionalism, efficiency and productivity on the part of cooperative management.
- d) The existing cooperatives are still weak in the business networking.

The common basis for the government policy in the promotion of cooperatives is to fulfill self-reliant cooperatives. In this regard, since 1992 the government policy has already been entering the stage of the so called deofficialization by which the government involvement in the cooperatives business reduces gradually.

To materialize the government policy measures to enhance cooperative ability in facing the new circumstances, several major strategic policy measures are implemented during the Sixth Pelita namely :

Human Resource Development

A. General

It is realized that the key factor of hampering the ability of cooperative in facing the dynamic changing of environment mostly due to internal constraint in terms of inadequacy of the capacity and professionalism of the human resources. This constraint has substantially hindered cooperatives to exercise their functions and roles leading to ineffective and inefficient management performance.

Regarding the need of enhancing capabilities of human resource cooperatives, in particular, and small businesses, in general, the government has launched a nation wide campaign on entrepreneurship-the so called GKN stands for Gerakan Kewirausahaan Nasional (National Movement on Entrepreneurship). This national policy was started since the issuance of the Presidential Decree Number 4 of 1995 and the campaign itself was started on the Indonesian Cooperative Day on July the 12th of 1995.

The general objectives of the nation wide campaign on entrepreneurship are:

- a) to strongly instill public awareness and orientation on entrepreneurship.
- b) to grow up more new entrepreneurs.
- c) to enhance capability of entrepreneurs in enabling society to improve their welfare in general and cooperative and small enterprises in particular.

- d) to socialize spirit, attitude and conduct of society towards entrepreneurship.

The target group of nation wide campaign on entrepreneurship mostly those who relatively have limited management capabilities, limited access to economic sources and weak business performance. Those group are small enterprises, member of cooperatives, cooperatives and any possible new business entrance.

Training and education for cooperatives' board of directors and managers are handled by the Government of Indonesia together with cooperatives. The Government Cooperative Training Centers (BALATKOPs) are located sparsely throughout Indonesia. In addition, Cooperative Member Education Institutions (LATPENKOPs) have begun developing in several cooperatives.

B. Gender development program

Seriousness of the Government of Indonesia to enhance roles and responsibilities on women in every livelihood and development activities is signed by the special rules in favour of women stated in the Indonesian National Guidelines since 1979. The Guideline states that through the enhancement on women in their family and society also their roles in development, women together with men as equal partner will give huge shares for the Indonesian development.

In the cooperative sector, the development on woman roles in Indonesia is actualized through the enhancement of woman sciences and skills, also women are given huge opportunities so that they could actively participate in the cooperative business activities. The cooperative sector can be used as a bowl for women to develop their participation, because through cooperatives, members are hoping to be self-reliant through togetherness that could result in efficiency.

The guidance on women roles in cooperatives in Indonesia have been actualized since 1979/1980 fiscal year. Since that fiscal year, we have specially projects on 'Woman Role Enhancement'. The main activity of the project has been cooperative training for group members who are economically potential. The project general aim is to enhance woman roles as an equal partner of men in guiding and stabilizing self-reliance cooperatives with concern on their dignity. Moreover, the special aims of the women's role guidance in cooperatives are to enhance :-

- 1) woman roles in self-reliant cooperatives.
- 2) woman productivity and qualities as cooperative employees.
- 3) the business partnership among woman cooperatives, women in small businesses and large firms/state owned companies.

- 4) the quality of woman role guidance in cooperatives through the comprehensive training.
- 5) abilities, skills, and initiative of the cooperative management in developing and stabilizing cooperative institutions and businesses to become a business corporation that could act as incorporate body.

The target groups of the project are as follows:

- 1) women members and management of woman cooperatives.
- 2) women members and management of potentially economic groups.
- 3) women workers in enterprises, members and member candidates of employees cooperatives.
- 4) women owned small enterprises/market traders as members/member candidates of market cooperatives.

In connection with our national development trends, the roles of women in cooperatives are also increased in both their active participation as managements and members and also the businesses' trends of woman cooperative members or women as cooperative members. Currently, in Indonesia we have 899 Woman Cooperatives, in addition to the nine secondary cooperatives. At the end of 1996, the total members were 329,134 women, business volume of 100.2 billion rupiahs, assets of 35.7 billion rupiahs with the net profits of 3.6 billion rupiahs and 1,370 employees. By then we have trained 31,142 woman cadres on cooperatives.

In addition to the above mentioned, we have other 6.3 million women who are cooperative members, even quite many we have successful cooperatives both nationally and regionally that were managed by women.

Business Partnership

It is realized that the structure of the national economy has some weaknesses in terms of its possibility to be able to encounter the global competition. The basic condition of the economic structure in the country is indicated by the so called dual characteristics. The first characteristic deal with a relatively wide gap between small and big size business and the second characteristic is simply there is limited linkage between small and big size businesses.

The partnership between small and big business in Indonesia has already been promising so far, since most of the big conglomerates in Indonesia are taking part in the programs. Linkages between large and small business itself take several forms some of which, on one hand,

indicate direct business linkages of mutual benefit between large and small businesses. Direct business linkages between cooperatives and large companies mostly occur in agribusiness such as in palm oil industries, poultries, and fisheries. In the case of palm oil industries, the nucleus estate model is a common type of business venture undertaken in the form of business partnership. The nucleus can be either private sector or of secondary cooperative. On the other hand, there are also several forms of linkages that do not directly indicated business connection, for example, on the development of human resources, information sharing, financial support and so forth.

Access to Capital Market

Realizing that capital mostly faced as the big constraint by cooperatives and its members as well, especially by rural cooperatives, the government consistently release monetary policy through the central bank to support the cooperatives as well as its members according to the related existing of the external condition. The credit schemes that are in effective today namely :

a) Credit scheme for cooperative working capital and investment :

The big portion of these subsidized credits are given for rural cooperatives main activities in saving its members, such as to market members agriculture production (i.e. paddy, sugar cane, cloves), to provide production inputs for the members, and also to process the members' production rice (milling, thresher).

Newly released by the government is credit scheme for housing development. This credit is given to the small enterprises (SME), included cooperatives which are develop housing type for the low income people.

b) Credit for cooperative members :

To support the farmers financial needs and in the same time to improve the cooperative role, the subsidized credit scheme for the farmers are also being given through their own cooperative. The credits that are so called as "*Kredit Usaha Tani*" (farm credit), are given to several strategic (important) commodities, such as to the paddy, dry land crops, sugar cane, aquaculture, vegetables farmer, poultry growers, etc.

To support small traders, usually in urban areas, special scheme credit also being given to cooperative members through their own cooperative. These credit scheme has been felt as very helpful government aid by the small traders. The so called scheme credit KKPA stands for "*Kredit Koperasi Primer untuk Anggota*" (means scheme credit for the members through primary cooperative), also one of the government policies to support cooperative activities in serving their members. This

scheme credit can be used for any strategic, important, or profitable cooperatives' member activities. This credit is now popular for industrial plantation, the nucleus-estate model, such as palm oil, rubber, corn, shrimp culture, and soy bean plantation. The credit for the members are given for the land preparation, cultivation, and cost of living. In the nucleus-estate model, the farmers rolled as the plasma and private or state owned enterprise as the nucleus. Cooperative as the economic institution owned by the members play their roles in every potential economic activities, included in channeling to the members.

Beside giving special subsidized credit to overcome cooperative and small enterprise business problem, partnership between the big and medium enterprise with the small enterprise and cooperatives also urge by the government.

Strategic Alliances

Under the ACEDAC (ASEAN Center for the Development of Agricultural Cooperatives) there has been an intensive discussion on the development of strategic alliances among agricultural cooperatives in the ASEAN region. Among its most recent activities pertain to:

- a) the development of training packages on cooperative entrepreneurship;
- b) exchange visits by cooperative personnel and leaders of ASEAN member countries;
- c) publication of ASEAN directory on agricultural cooperatives;
- d) study on cooperative financial system;
- e) case study on successful agribusiness managed by cooperatives in each member country;
- f) promotion of market oriented production through cooperatives.

The most recent activities undertaken to develop cooperative business activities in the region was the action plan on the development of strategic alliances among cooperatives in the region. Some of promising programs have already been identified.

For the benefit of cooperatives, however, the business networking could be enlarged not only in the ASEAN region but also to the rest of the world. It is necessary for cooperative in response to the changing economic environment.

Information System

In order for Cooperatives and Government of Indonesia to work toward sustainable development for their communities and access for networking, therefore both parties are carrying out several programs.

We are in the progress of developing the cooperative information system that we call it Information Data Center. The Center will integrate all systems available and develop them in the Center. The systems available are such as monitoring system, processing, organizing, and dissemination of data and information so that in the management information system, our ministry using one gate information through the Information Data Center.

Currently, the computer application system that we have been Personnel System, Ministerial Inventory system, Government Finance System, Ministerial Monitoring System, Cooperative Data-Based System, and Cooperative Management System. The Cooperative Management Information System, currently being introduced to Cooperative Movements.

Until at the end of January 1997, there are 224 cooperatives/rural cooperatives that working together with a private company to use the Cooperative Management Information System (CMIS) in 8 provinces in Indonesia. The improvement and completion of CMIS continually working and we are fully hoping that on July 12, 1997, which is 50 years of cooperatives in Indonesia, the System will be premier applied on line system in 16 provinces in 16 Cooperatives/Rural Cooperatives.

In the past three years, to prepare for the global era and free trade in the near future, we are connecting joining with the international networking system.

Cooperative Business Network (Under APEC Agenda)

In addition to the above programs, we are planning to hold The Asia-Pacific Cooperative Small and Medium Business Network Conference on July 14-15, 1997 in Jakarta. The primary aim of the conference is to establish a common understanding of and mutual interest in setting up an Asia Pacific network of small businesses and cooperatives. Additionally, ideas, views, and suggestions on the most effective organization to implement the mission will also be discussed.

As we all know that the Asia-Pacific region occupies a highly significant position in the world economy. More than two-thirds of the world's output of goods and services are produced by the eighteen member economies of the Asia-Pacific Economic Cooperation (APEC). Small and medium-scale enterprises or SMEs, and cooperatives have had a strategic role and will continue to have in shaping and sustaining economic development. SMEs make up over 96% of firms in the APEC economies. According to OECD/APEC estimates that SME's absorb about 60% of the work force and contribute around 70% of all new jobs.

In the light of the undeniable importance of SMEs and cooperatives to the continued prosperity of the Asia-Pacific Region, Indonesia is

calling on all of you to attend the Asia-Pacific Cooperative and Small and Medium Business Network Conference, that will be held in Jakarta on July 14-15, 1997.

Indonesia

Mr. Mohd. Yahya Suryanegara
The Dewan Koperasi Indonesia (DEKOPIN)

The Indonesian Cooperative Movement is utmost proud of the position and the role of Cooperatives that has been formulated in the State Constitution and has become a model of people's economy based on economic democracy. At the same time, however, the Cooperative Movement of Indonesia is conscious of its position that the task to achieve this goal is not an easy one. It will not be an easy exercise to overcome the many threats and obstacles confronting the Cooperative Movement, in view of the countervailing political economic, social and cultural problems. The complexity of the situation has become more crucial in view of the ever growing strength of global economy, whereas capital and business of multi/transnational enterprises are becoming dominant in the market economy.

If cooperatives feel that their position is just to defend themselves as micro-units in the existing economic system, they have to leave themselves becoming sacrifices of the ever growing overwhelming environment. In such a situation, a struggle to change the environment would not be relevant any more.

Hence, the global cooperative development in the last hundred and fifty years, including in Indonesia, have shown a different picture, namely, that the Cooperative Movement was not advocating for the interest of its members as such (even members interest was the main purpose of cooperatives), but simultaneously was striving for a better world, a just and even environment, peaceful and sustainable. The Cooperative Movement was conscious, that in such an environment only cooperatives could survive and develop.

It is generally felt, that it would not be possible to achieve a conducive environment through economic approach only but should simultaneously be supported by social and cultural motivations, even under influence of the real conditions of the environment.

During hundred and fifty years, the Cooperative Movement was under the coordination of the ICA (International Cooperative Alliance) and during the period was developing a cooperative community based on cooperative identity and principles. Nevertheless, we can not deny the fact, that strong external, in particular economic pressures have brought crucial erosions on the cooperative identities, in particular during the last two decades. This was the influence of the Capitalistic System that was growing dominantly after the failure of the socialistic system during

the last twenty years, that before was the countervailing power.

This situation has resulted in big loss to the Cooperative Movement in many countries, including Indonesia, not because of violence of cooperative principles only; cooperative identity was diminishing, but also because of many cooperatives tend to act as immitators of private corporations and in many cases transformed themselves into private corporations. One would justify this violence of cooperative principles was necessarily for the sake of survival of the cooperative entity in the environment of free trade and investment.

The Indonesian Cooperative Movement has paid a very high price for that and was therefore very enlightened by the brave steps of the ICA, to come back to the basics of cooperation, namely the Statement of Cooperative Identity, starting with the 1988 Congress in Stockholm, the 1992 in Tokyo and the 1995 in Manchester, UK. Simultaneously the ICA-ROAP was developing complimentary programs by organizing Ministers Conference in 1990 in Sydney, in 1992 in Jakarta, and in 1994 in Colombo; and to create a conducive working environment for cooperatives, the 4th Cooperative Ministers Conference was organized in Chiangmai, Thailand. A regional consultation was held for the Cooperative Movement and Government in Yangon, Myanmar in December 1996 that resulted recommendations that would become a fruitful common platform for follow-up actions of this 4th Cooperative Ministers Conference.

Referring to the Myanmar Recommendations of 1996, DEKOPIN as the apex Cooperative Movement of Indonesia, declare to enter the 21st Century, encountering the free trade and investment consistently as a cooperative and strongly stand on the Cooperative Identity. In this context, the DEKOPIN has prepared the following steps :

- a) awareng that the performance of a cooperative is a product of external and internal inter action, two activities would be taken simultaneously, namely :
 - to cooperate harmoniously with the Government to commit and build a conducive living environment for cooperatives; and
 - to revitalise the Cooperative Identity in the Cooperative Movement through education, seminar, workshop and the like.
- b) As a guardian for the Cooperative Identity in Indonesia, DEKOPIN shall execute monitoring towards the practical implementation of the Cooperative Identity.
- c) DEKOPIN in cooperation with the Government shall take steps to strengthen the competitiveness of cooperatives in the market economy through strengthening the capacity of cooperatives through : education and training to enrich professional managements, business

techniques and cooperatives, cooperative entrepreneurship through actualization in business activities, enrichment of experiences and indepth cooperative business, practising effective technologies to increase quality of produce, information and servicing, funds mobilization as well as internal external potentials, even so strengthening cooperative institution to increase bargaining power.

- d) Continuously enjoin cooperatives role in agri-business and agro-industry as well as cooperative financing, that is the back-bone of cooperative sector in Indonesia and simultaneously the main supporter of networking of the Cooperative Sector.
- e) Establishing and developing education and training institutions, decentralised in such a way in order able to cover primary cooperatives as the base of the Cooperative Structure.
- f) To increase the role of women in cooperatives in particular in the area of thrift and loan and supply of goods to consumers at members level, board members and staff personnel.
- g) In all cooperative activity to relate all activities to the sustainability of the environment.
- h) Continuously advocate for the better condition of external soft ware in the area of legal matters, licencing, taxation, development, involvement, funding etc.
- i) To enjoin cooperation amongst cooperatives at local, national and international level, institutionally as well as in business, funding and education. ICA-ROAP shall act as the intermediary and facilitator.

Islamic Republic of Iran

**Hon'ble Gholam Reza Shafei,
Minister of Cooperatives**

Having the honour to attend the 4th Asia-Pacific Conference of Cooperative Ministers on "Cooperatives in a Changing Socio-Economica Environment" in Chiangmai, Thailand, I extend my sincere thanks to Mr. Shucheeep Hansaward, Hon'ble Minister of Agriculture and Cooperatives of Thailand, The Cooperative League of Thailand, Mr. Robby Tulus, Hon'ble Director of ICA ROAP, and their colleagues for the friendly cooperation and generous hospitality.

The 4th Asia-Pacific Conference of Cooperative Ministers, being held in Chiangmai, Thailand, March 18-22, 1997, after 153 years evolution of the World Cooperative Movement, and 102 years from the birth of ICA and 37 years since the establishment of ICA Roap, the first Regional Office of International Cooperative Alliance, has the potentiality to change, innovate, and improve the cooperatives in a Changing Socio-Economic Environment as a pioneering paradigm.

In 1946, 98 million cooperative members represented 7.5 per cent of the world population. Just now, ICA covers more than 755 mil. cooperators, that is about 12.5 percent of the world population, however, the potentiality of the cooperative sector is surely more than what is apparent.

I.R. of Iran has a 70 year background of cooperative movement. However, in 1991, Islamic Republic of Iran Cooperative Law was approved by the Islamic Consultative Assembly and in the same year the Ministry of Cooperatives was established.

The following tables highlights the cooperative situation of I.R. of Iran. In March 1979, the onset of The Islamic Revolution, the number of cooperatives was 2,282 with 225,575 members and 70,000 million Rials capital. After 19 years, in December 1996, the number of cooperatives was 36,000, with 9 million members and 930,000 million Rials capital.

However, there are about 4500 rural and agricultural Cooperatives with 5 million members and 235442 million Rials capital under the auspices of Agriculture Ministry, which should be included as well. Therefore, the number of aggregate cooperatives in I.R. of Iran totals over 40000 with 14 million members and about 1200 billion Rials capital.

(Capital in million Rials)			
No. of Coop.	March 1979	December 1996	Growth ($\frac{b}{a}$)
	(a)	(b)	
	2282	36000	16 times
No. of Members	225575	9052000	40 times
Capital	70000	930000	13 times

The enhancement of the cooperative sector in the national and international arena is due to the cooperators' active participation in the executives and high level policy and decision makers assemblies to attain equitable, legal, educational, technological and financial supports.

Here are certain specific suggestions for the cooperatives in a Changing Socio-Economic Environment :

Proposals:

1) *Establishment of "The Asia-Pacific Cooperative Common Wealth."*

We propose that Asia-Pacific Cooperative Sector choose to be socio-economically linked, through signing bilateral or multi-lateral agreements to fulfill the needs of one another, enhancing the balance of trade, exchanging technological innovation and institution in a sincere, friendly and peaceful condition.

2) *Setting up "Chamber of Cooperatives".*

Chamber of Cooperatives in each country, incorporated from the cooperative Unions, is able to interconnect inter-national and international cooperatives harmoniously, to ensure their general benefit against the international economic fluctuations, to bring about exchanges of member experiences, and to help in evolving new and dynamic ways for the world Sustainable Economic Cooperative Development.

3) *Establishment of International Cooperative Fund. (I.C.F.)*

I.C.F., which can be formed with the capital of the cooperatives, facilitates utilization and mobilization of the cooperative financial resources to support Cooperative Development Projects and Programs.

4) Emphasizing I.C.A. planning for the extension and development of the cooperative sector through gaining the national governments supports and international agencies and organizations diplomatic backing up.

Macro-Situation of Cooperatives - 1996

(Asset figures : In 1000 Riials/\$ 1 = 3000 Riials)

Kind of Cooperative	Agric- culture	Develop- ment	Industry	Mine	hand-women carpet	Producer provision	Service	Transpor- tation	Housing	Credit	Consumer provision	Mult- purpose	Union	Total
Coops. estd. from March 1975	4118	1612	3104	1020	366	1707	1013	618	7204	598	7940	257	1812	29638
No. of members	50758	22288	95298	11502	18331	301037	17866	158904	1419804	206458	5978256	123819	-	8581358
Assets	2757048	4287369	5717840	10632792	8452385	65339409	10562516	16195471	34631011	2448214	175589448	16733883	18383291	467592537
Coops. estd. from March 1995	643	18	467	88	156	190	419	79	147	71	1310	69	36	3653
No. of members	8649	1734	6888	1070	9311	7666	9571	5305	11519	8515	238157	12898	-	320983
Assets	18870688	607416	28522265	4132310	9544032	3264781	12184835	1977068	1944973	1310619	8870630	5265169	861613	108616259
Macro-situation of the cooperatives in March 1996	4721	1630	3571	1108	522	1897	1432	697	7351	699	9150	326	217	33281
No. of members	59434	24022	102096	12572	177842	300103	27437	191209	1431322	214973	6216413	138817	-	89202441
Assets	46448756	4894725	85705145	14785102	17996417	68604190	22727351	18172539	48071984	25359823	182479078	21938862	19254814	578418796
Macro-situation of the cooperatives in October 1996	5102	1641	3774	1196	638	1903	1651	746	7530	705	9651	330	218	35485
No. of members	70389	24298	56154	14681	182890	315103	42158	183355	1468969	225549	6507117	136850	12670	9240120
Assets	69519174	5748885	127503935	25605747	15786349	136679409	3545785	21827207	7070118	26570194	184701940	35026024	19255000	713550027
Total cooperative employment in March 1996	66502	29296	113974	16197	180132	313178	29956	194849	96492	377	88111		884	1134848

5) Considering enough value for investment and technology as factors of production. Members are vital and one of the important factors of production, however, we cannot ignore the other factors of production such as capital investment, technology and innovation to compete the private sector. For this purpose, and regarding the conditions of the Cooperatives in a Changing Socio-Economic Environment, the followings are recommended for the inner dynamic of the cooperative sector:

- Besides one vote for each member, enough attention should be paid to the members capital investment. For example, considering equitable distribution of votes among members and capital investment.
- In dividend distribution to the cooperative members, factors of cooperative ethics, member commitments to their functions, social justice, as well as, capital investment should be considered.
- Considering the real value of the cooperative shares instead of the face value when they are sold or inherited.
- Emphasizing the motives of education, growth, development, innovation, intuition, quality improvement, defect minimization, and availability of the cooperative products with competitive and fair price policies.
- Besides providing productive cooperative employment, sharing of research information and resources with new advanced technologies be considered for the cooperative sector.
- Following the principle of sustainable development, active sharing in poverty alleviation, fair trading practices and entrepreneurial activities by the cooperatives be emphasized.

Wishing prevailing justice and peace all over the world with further cooperation, friendship and success for honourable ministers and eminent participants.

Israel

**Hon'ble Amir Peretz, Member of Parliament,
Head of Histadrut and Head of Central Coop.**

On behalf of the State of Israel, the Ministry of Labour and the division of Cooperative societies I would like to extend my best wishes to you all.

The Israeli Government and the Israeli society always had a favourable attitude toward Cooperative societies. The Cooperative Movement in Israel is well known among others, for its communal agricultural settlements cooperative societies, namely, "kibbutzim" and "moshavim" since the twenties of this century.

However, due to economic hardships and high inflation in the 80th their financial situation became very strained and government intervention and legislation was needed in order to create the needed solutions.

The Family Agricultural units settlements act of 1992 as amended in 1993 created the right tools. Part of the large debt was erased; and the remainder renegotiated over a 17 years period. A special separate arrangement was created for the "kibbutzim" in 1996.

The mechanism of this legislation started to function in 1993. Today, more than half of the number of moshavim and their members have gone through the process required in order to enjoy the benefits of the law, this legislation has enabled the agricultural settlements to function properly again.

Another major important area is 1996 proposed new legislation of Cooperative Societies Law to replace the existing act of Cooperative societies dating 1933.

The new proposed legislation is based on cooperative principles and contains the legal tools to enhanced those principles. This legislation does not suffice with providing a legal form for a primary cooperative alone but rather explicitly recognizes a total cooperative economy.

The new proposed legislation aims to enable cooperative societies to adopt better to changing conditions of the economy and life patterns in Israel.

Therefore, for the first time it is proposed, that in a given cooperative society there can be different types of shares and different types of members; however, in each group the equal right of vote is kept.

For example, workers' settlements have expanded to include new comers who live there but who are not members of the workers'

cooperative. So there are now members and residents with different privileges in the same cooperative society.

A second example is a new section of the legislation that deals with the merger of existing cooperatives, and the separation of a cooperative into a number of cooperatives. It also allows companies to reorganize as cooperatives.

Another example: the application of the theory of a good faith and trust obligation upon the officers of the cooperatives. They have the responsibility to act prudently and will be liable for damages, if they neglect their duty.

To summarize, the new proposed legislation, hopefully, will provide cooperative societies with better tools to function in a changing economy.

Japan

Hon'ble Minao Hattori, State Secretary for Agriculture, Forestry and Fisheries

It is an honour for me to be able to participate in this Conference as a representative of Ministry of Agriculture, Forestry and Fisheries of Japanese Government. At the same time, I am sincerely grateful for the opportunity to cordially exchange opinions with everyone here as a person residing in Asia-Pacific region.

I would also like to express my appreciation to the Government of Thailand. The Cooperative League of Thailand and the ICA Regional Office for Asia and the Pacific for the efforts that they contributed to the preparation of this Conference.

The Role and Current Status of Agricultural Coops. in Japan

Let me begin by telling you something about the role that Japanese agricultural cooperatives play and about the current conditions facing them.

Agricultural cooperatives in Japan have as their objective the enhancement of the economic and social status of farmers, and through their various business activities they are playing a crucial role for the development of agriculture and farmers. Specially, through such activities as providing members with guidance in farm technology and management; supplying materials for production and daily life; collecting and marketing farm products; accepting savings deposits and providing loans; and protecting the health of farmers through medical care activities, they are making a major contribution to enhancing the status of farmers and inducing stability into their lives.

Recently, however, a host of the difficult problems have accumulated in relation to agriculture and rural communities, and in the environment surrounding agricultural cooperatives. These include urbanization and mixed land use in agricultural districts, the lack of farming successors, the growing amount of abandoned agricultural land, diminishing consumption of rice and other products due to changes in people's habits, obstacles in the way of expanding operational management scale, and the stagnant state of agricultural incomes, etc.

Moreover, in recent years, as the importance of Japan's role in international society has increased, they have seen the implementation of the agricultural accords of the Uruguay Round since 1995. Domestically, too, as severe competition continues in the wake of financial deregulation and other market reforms, we are being forced to acknowl-

edge the plain truth; that Japan's agriculture and rural communities, and its agricultural cooperatives, are being confronted by a serious challenge, of a kind that they have never faced before.

As Japan's economy and society change radically in this way, it becomes imperative to ensure the health of cooperative operations so that they, in their role as autonomous, mutual aid organizations for farmers, can continue to provide support for farming operations and the daily lives of those engaged in agriculture.

Furthermore, in order for cooperatives to exhibit their function to the full, it is necessary to engineer great efficiency in their operations. Accordingly, we are currently advancing a regional merger plan, by which the 2,200 agricultural cooperatives that now exist will be reorganized in about 550 by the year 2000.

At the Diet Session at the end of the last year, the administration pushed to enact the "Two Laws on Agricultural Cooperative Reforms", which contained provisions prohibiting directors of agricultural cooperatives from holding concurrent positions outside the cooperative, establishing measures to ensure the stability of cooperative operations by requiring larger internal reserves, promoting the reorganization of cooperative structures, and so on. At present, we fully expect the agricultural cooperatives to work vigorously towards reforms in accordance with this systematic framework.

Our government's position is that it will continue to create the system necessary to support efforts that are made by agricultural cooperatives, recognizing fundamentally that the mission and the role of agricultural cooperatives in the development of Japanese agriculture and in enhancing the status of farmers will become increasingly important.

And I would like to stress once again that agricultural cooperatives are operated autonomously by their members as "Farmer organizations run by farmers on behalf of farmers" and it is this fact that has enabled Japan's agricultural cooperatives to develop into an organization composed of 9 million members today.

Japan's International Cooperation

I believe that the issues of food, and the agriculture, forestry and fishery industries, require equal and serious consideration from all people around the world. These were appealed to the World Food Summit held in Rome last year. At that Summit, the Japanese Government asserted that a proper combination of three components, which are domestic production, import and storing would be important for addressing the food security issue. Above all, from the point of view of ensuring the food production, we firmly believe that it is vital to produce at least the basic foodstuff in one's own country.

In this context, I believe that it is important from the standpoint of ensuring adequate food production that each country should produce, at minimum, its own requirements for basic food items. Likewise, the questions of food and of agriculture, forestry and fisheries must not be comprehended solely from the perspective of economic efficiency, rather. I believe that it is important for people to recognize that the activities have multiple functions, including conserving national land resources, preserving the environment, etc. and that it is necessary to endeavour to develop sustainable agriculture and rural communities.

Japan is now the world's largest contributor of official development assistance. It has taken vigorous steps to carry out various programs of technical cooperation and financial assistance in the areas of food and of agriculture, forestry and fisheries because these are basic industries that will encourage the autonomous development of economic societies in the developing nations, and because these are important industries that will produce and ensure the availability of food for each nation's people.

Among the various means available, the agricultural cooperatives play a vital role in encouraging efforts to produce food through self-reliance endeavours in developing nations, and in developing sustainable rural communities. In view of the importance of such activities, Japan has contributed financially to training programs carried out by the ICA relating and nurturing and strengthening the organizational aspects of agricultural and fishery cooperatives, and, notably, has commenced support in 1996 for the "Training Program for Women Leaders of Agricultural Cooperatives" an effort designed to promote the participation of women in development, an issue which is also being discussed by this Conference. Additionally, Japan is presently implementing various programs of technical assistance relating to cooperatives, and is supporting efforts at independent development on the part of cooperatives. It will continue to take vigorous steps to support such activities in future as well.

Activities by Consumers Cooperative Associations

In Japan, consumer cooperative associations also play active and important roles, just as the agricultural cooperatives do in their own spheres. Although these cooperatives come under the jurisdiction of the Ministry of Health and Welfare, I would like to touch on them at this time on behalf of the Japanese Government.

In the 1960s, Japan entered a period of high economic growth characterized by mass production and consumption. As a large variety of new products became available to the consumers, they began to seek better prices, and this led to the growth of consumer cooperatives which engaged in such activities as joint purchasing to bring down the costs of distribution, and the development of original products. And because

members took the initiative to participate in such activities, I believe this contributed to a democratic process of development for consumer cooperatives in Japan.

At the same time, consumers began to demand greater safety in their products. In order to meet such demands, consumer cooperatives endeavoured to ensure products safety by eliminating unnecessary activities as processed foods, promoting direct producer-to-market arrangements for fresh foods, and establishing their own product inspection facilities, etc. At the same time, these activities became the propelling force for consumer education and consumer advocacy groups in our country, and are thought to have contributed immensely to the improvement of products distribution and to the maintenance of product safety in Japan.

In the 1970s, the pollution problem entered the spotlight in Japan. The consumer cooperatives became actively involved in this issue as well, pressing their case from the standpoint of wanting to ensure product safety. These activities were not limited to organizing protest movements; rather the cooperatives went beyond that, towards a wide-ranging involvement in developing and disseminating environmentally-safe products. Today they are a major driving force behind the effort to promote greater recycling. Clearly, the cooperatives have made valuable contributions in these areas.

The Japanese government's view is that the consumer cooperative movement, as its history abundantly shows, has made major contributions to the stability and enhancement of the daily lives of Japanese consumers. Hence, the government intends to continue to support its development hereafter.

Conclusion

The reason that the ICA has been able to develop into the world's largest non-governmental organization is that it was a grass-roots body which has sought to establish a fair social and economic order, while keeping its foundations firmly set in the spirit of self-reliance and cooperation among the cooperatives.

In order to cooperatives in Asia and the Pacific region to continue to develop, it will be necessary for governments to continue to provide support, both policy-related and financial. But in doing so it is important that they respect and nurture the spirit of self-reliance, independence and cooperation. I believe the Asia-Pacific Regional Office of the ICA, with its experience to date and its expertise knowledge, will continue to make a major contribution hereafter to solving the problems of this region.

Japan

Mr. Mutsutami Harada

President, Central Union of Agricultural Cooperatives

First and foremost, I would like to express my deep gratitude to the officials of Cooperative Promotion Department of the Ministry of Agriculture and Cooperatives in Thailand and the Cooperative League of Thailand for setting up this wonderful venue for the 4th Asia-Pacific Conference of Cooperative Ministers. I am very happy to represent the cooperative movement of Japan here.

In taking the podium, I would like to briefly comment on two points.

The first is that the cooperatives of the Asia-Pacific region are working to address the issue of food security in Asia. The total world population suffering from chronic malnutrition is estimated to be 786 million between 1988 and 1990, and 67% of these people live in Asia.

It is important to note that, as the economies of the region grow rapidly, food imports are growing as well, and the global balance of supply and demand for food will become greatly strained in the future. Close cooperation among the governments, peoples, and farmers and their agricultural cooperatives is thus critically important.

The second point relates to the World Food Summit and the Family Farmers' Summit on World Food Security held in Rome in November 1996, which I had attended.

The Summit made me acutely aware that in addition to food security, agriculture plays a major role in preserving nature and ensuring water supplies.

To protect the environment and to foster sustainable agricultural development, cooperatives and associations of various nations must work together and coordinate their efforts.

I am sure that the cooperative movement in Japan will work in partnership with its counterparts in other countries to address these issues.

Lastly, I would like to conclude my speech by wishing for the success of the 4th Asia-Pacific Conference of Cooperative Ministers and Cooperative Leaders.

Japan

Present Situation and Tasks of Japanese Consumer's Cooperatives

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

Present Situation of Coops

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

- 1) The number of consumer coops is 1,194 as at the end of fiscal 1994, out of which 561 are citizen coops (made up of inhabitants living within a prefectural area) and 553 are institutional coops (made up of people working in the same workplace such as companies and universities). Membership totals to 43,930,000 people, broken down into 35,389,000 in citizen coops and 8,541,000 in institutional coops.
- 2) Coops business operation can be categorized into the following three areas:
 - a) Supplying daily goods (retail operations)
 - b) Providing services
 - c) Mutual aid operations

The annual turnover of coop businesses in these areas as of the end of fiscal 1994 was:

- a) retail operations, 2,989.7 billion yen,
- b) service, 376.3 billion yen, out of which 229.4 billion yen was for medical services, and
- c) mutual aid operations,

total insurance contract	876,305.9 billion yen
income on premiums	669 billion yen
claims paid	262.8 billion yen

As for coop's share by industrial sector, they accounted for about 2.7% in retailing in fiscal 1994, but 4.75% in foods, showing that the bulk of daily necessities are purchased at retailers other than coops, even by coop member households.

Sales of department stores, supermarkets and other retailers have all declined due to the recession in the Japanese economy of these past few years, and coops are no exceptions.

The Structure of the Consumers' Coop Law

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

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

The Roles Coops Have Played

Pursuing Product Safety

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

As regards processed food, coops have requested producers to use

fewer additives and have developed their own products. Co-op brands that the Japanese Consumers' Cooperative Union develops number about 8,000 items now. For fresh foods, coops have entered into contracts with producers to supply products grown with a minimum of agricultural chemicals. Furthermore some coops run their own laboratories to check their products' safety.

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

Initiatives on environmental issues

Problems of pollution became an issue of concern in the 1970's. Coops have campaigned against pollutants in food and the deterioration of the living environment due to pollutants. In addition, coops have developed environmentally-friendly products (such as detergents that are less likely to pollute rivers) and have worked to promote their wide use being aware that consumer behaviour itself was destructive to the environment. Coops have been also encouraging their members to participate in activities such as recycling of milk cartons, plastic trays and other containers.

Simplified distribution system and the lowering of prices

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

4. Expectation for Coops in an Aging Society

Japanese society is aging at a speed unprecedented in the world's history. Under such circumstances, some coops have been engaged in mutual help activities for more than ten years, and these volunteer member activities are steadily increasing. Some coops have also started to deliver foods and keep contact with elderly people living alone. Expectations are high for coops to support elderly people who need help since they are a mutual help organization based on links among people.

We, at the Ministry of Health and Welfare, are struggling for the

establishment of care system for the elderly to solve the nursing problem which people are most concerned about.

We are going to try to help the development of consumers' coop movement since we regard it as the driving force to contribute greatly to stabilizing and improving consumers' living conditions.

An Outline of Japan's Consumer Coops in 1996 : Japanese Consumers' Cooperative Union

Stagnating Sales and Deteriorating Financial Situation

According to the JCCU's Statistic Review of 43 coops, a cumulative sales from April to November of 1996 increased by 3.1% compared with the previous year. Although this figure indicates a slight improvement compared with previous years (-0.3% in 1994 and 1.6% in 1995), it is still behind the growth rate of 132 leading retail chains (4.0% in the first half year). Since the total membership has grown by 4.5% in the same period, the sales per member continued to decline. In both store and joint buying sales, it is of urgent necessity to develop products matching members' changing needs and build their confidence about safety.

The store sales increased by 4.5% compared with the previous year mainly thanks to the increased sales space by 7.8%. However, the existing stores could not sustain the sales. Especially the sales of smaller stores with less than 1,000 m² badly decreased by 5.1%, while that of supermarkets with 1,000 to 2,000 m² slightly decreased by 1.6%. Until November, 53 stores were newly opened with average sales space of 1,470 m² while 57 stores were closed with average 780 m². It shows the transformation of the store formats from smaller food stores to larger supermarkets is under way.

The joint buying sales based on Han groups barely increased by 1.2% compared with the previous year. Amongst 43 coops surveyed, 25 coops could not sustain sales. The monthly purchase per member decreased by 0.5%, although the number of registered members increased by 4.1%. On the other hand, some coops have developed the home delivery services to the individual members which has shown a higher growth rate and per capita purchase.

The financial position of coops has been even deteriorated. Accordingly to the Statistics of 43 coops in November 1996, the current net profit rate declined to 0.47% and 14 coops were running in red. The break even point became 98.0%. In case stores the current profit was -2.3% since the gross margin could not be increased as budgeted due to the pressure of competition while the personnel and other expenses exceeded 20% of the sales. The joint buying business could slightly improve the current profit (2.7% as against 2.5% in 1995), but the

personnel and other expenses rose by 0.2% and 0.5% respectively from the previous year.

Improvement of Regional and National Solidarity

It is of urgent importance to improve the regional and national consolidation among co-ops in view of strengthening the competitive edge in the drastic change of the environment. For this purpose, the regional federations have been formed to pool the economic power of individual coops while COMO Japan, Cooperative store Modernizing Organization, has promoted the nationwide collaboration among 12 leading coops and federations.

Coop Homuriku was registered as the 10th regional federation consolidating 6 coop societies operating in 3 prefectures in the middle-west part of Japan. Each federation has started to construct physical distribution network aiming at increasing the competitiveness of coop stores, unify information/accounting system and conduct staff training for store operation techniques, combining the self-responsibilities of joining coops and synergy effects obtained through concentration. However, some federations have to overcome the duplicated structure causing the higher costs.

COMO Japan has been integrated into the JCCU structure as a specialized body in March 1996 aiming to increase competitiveness of affiliated coops as well as the whole movement. It continued the development of low price Coop-brand products. Eight items launched during the year have contributed to increase the sales of those category products by 15%. It also started the collective leasing of trucks for joint buying operations since April 1996 and now contracts on approximately 3,000 vehicles throughout the country. The joint buying of the machines and equipment has been intensified. The human resource development has been one of the most important functions of COMO Japan. Coop Kobe and its Cooperative College have conducted management training courses for middle management people sent from other coops; they received 5th batch of trainees in 1996, totalling to 220 trainees.

Facing the tougher competition and globalization of market, the nationwide collaboration in the product development needs to be strengthened and restructured. JCCU has reduced its wholesale amount since 1991, partly due to the international restructuring of businesses and partly due to the lowered patronage from the primary coops/federations. It has launched 5 year plan for 1996-2000 for intensified collaboration and started to strengthen its functions for product development and technical support to the primary coops.

Reform of Member Activities

The total membership is estimated to be approximately 19.3 million at the end of March 1997. It will exceed 20 million at the end of March 1998. But obviously the membership growth rate has slowed down to a single digit for these three years.

Many coops have promoted the members' activities centered on commodities to reflect the members' voice on product development and operations. For instance, all coop brand products have been reevaluated based on the policy, "Develop and Spread Products by Members", and "Members' Voice Promotion Division" was set up and so on.

While making efforts to strengthen Han groups through involving commodities related activities and increasing Han members, many coops have tried to spread the groups and circles on specific themes and hobbies based on their initiatives and creativity. So called "theme activities" have been organized by the members dealing with their own interests beyond Han groups or localities. The reassessment and reform of member's organizations has also been conducted upon the running of district committees, the decentralization and corresponding corporate structure aiming to better reflect members' voices and make a consensus among members. It is indispensable to promote these activities throughout the nation and to create open and strong members' organizations based on voluntary participation.

Development of Social Initiatives

Since Great Earthquake which had hit Kobe area in 1995, a large number of municipalities have concluded agreements anticipating the latter would support the former in case of natural disasters, for instance, by delivering food to victims. For these two years, forty-seven agreements involving 9 prefectures have been concluded. In addition, JCCU, in collaboration with the Hyogo Prefectural Government, Japan Federation of Bar Associations and ZENROSAI, initiated the campaign which requested the Central Government to establish a national insurance scheme for house reconstruction in case of disasters. To promote the campaign, a national and local bodies were established in all prefectures. JCCU aimed to gather 15 million signature among total target of 25 millions. As of January 20, 1997, about 18 million signatures has been collected in total.

In the campaign on food safety, JCCU published seven kinds of pamphlets to help membership learning on the subjects and organized a series of seminars which more than 1,000 members from 225 cooperatives took part in. Furthermore, some coops submitted petitions to local governments to request an intensified control on food safety.

In the field of environmental care, 35 coops are promoting the recyclable garbage collections scheme in collaboration with 178 municipalities to meet the requirements set by the Containers and Package Recycling Act to be enforced from April. Up to now, 12 coop societies have introduced an environment management and audit system while another 15 coop societies have started preparation for introduction. To promote recycling of resources, many coop societies have collected milk cartons (6,531 tons), plastic trays (750 tons), steel & aluminum cans (765 tons), PET bottles (128 tons), batteries etc., at coop stores or joint buying depots as collecting points. In more and more coop stores, members are following the coops policy to bring their own bags instead of receiving plastic bags. Members are also actively participating in the environmental monitoring of water/air and reviewing their life style under "garbage diet campaigns".

As far as social welfare is concerned, 40 coop societies have organized members' mutual help groups or workers collectives for housework support. More than 25,000 members were registered as care takers. In 30 coop societies "luncheon parties" and lunch delivery services for aged people have been organized with the help of volunteering members. 9 coop societies have provided information on public and private welfare services or volunteer activities. To encourage these activities, JCCU set up the National Network of Coops Mutual Help Groups and established the Coop Welfare Fund which gave subsidies of ¥ 25 million to 42 applicants out of 114 in 1996. JCCU has also promoted a nursing equipment business through nationwide catalogues which 33 coop societies have joined. Coop Kobe has opened a nursing equipment store, the largest one of its kind in Japan.

As a result of World Court Campaign which coops have actively supported, the International Court of Justice issued a recommendation stating that nuclear weapons were generally against the International Law, thus encouraging the worldwide peace campaigns. In August, 2,700 members joined events in Hiroshima and Nagasaki while 65,000 members joined peace march against nuclear arsenals.

The fund raising campaign for UNICEF has been expanded to 104 coops by involving 8 other coops. In addition, coops in 4 regions raised money for the designated projects in India, Laos and Vietnam.

Figures of Coop Societies in 1995-1996

	1995	'95/'94(%)	1996*	'96/'95(%)
Coop societies	647	99.2	647	100.0
Members (thousand)	18,629	103.5	19,410	104.2
Total turnover (¥ million)	3,293,663	102.2	3,390,900	103.0
Retail coop turnover (¥ million)	3,059,435	102.1	3,143,200	102.7
Purchase per member (¥)	16,273	98.4	16,106	99.0
Medical coop turnover (¥ million)	223,523	103.2	236,500	105.8
Insurance/Housing coop turnover (¥ million)	10,705	97.3	11,200	104.6
Share capital (¥ million)	412,959	107.6	437,800	106.0
Share capital per member (¥ million)	22,167	104.0	22,555	101.8
Coop bonds (¥ million)	135,964	103.7	134,200	98.7
Sales area (sq. m)	1,452,527	105.0	1,563,000	107.6
Full-time employees	60,528	102.6	60,950	100.7
JCCU wholesale amount	301,906	90.4	291,000	96.4

*estimated figures

Jordan

**Mr. Bassem G. Khatib, Director of Local Council,
Ministry of Municipal, Rural Affairs & Environment**

I am honoured to stand upon you, speaking about my trustful feeling that enchants the enlightening pictures of cooperation, aware of the problems that face this area of the world, depending on our intend to have a better future to the coming generations and the human kind in general.

It is my eternal hope to be able to invest this meeting in a way that give our societies the chance to continue its way toward prosperity, development and human dignity and I have full trust that we are capable of joining an understanding that enriches by mutual dialogue, information, experiences and efforts, relating to standing against poverty and illness.

As we all know, cooperation is the base of creating a humane, social, economic world is solid and if there is an absence of a comprehensive vision that is energetic and dynamic, there will be such a difficulty of making a progress, a real one.

We all remember that prophets, intellectuals, and leaders have achieved their goals because they believed in cooperation as a tool, a true one towards a cooperative, healthy human society. Prophet Mohammad Bin Abdullah who holds the flag of cooperative Islam tells us that the Greatest: Allah has said: (Cooperate to create good deeds, and not to make the bad ones).

Poverty, as we all know is the reason of the backwardness and it is our duty to discuss the mechanisms and strategies that deal with poverty, which can work against it in order to enhance the programs of agriculture and other development fields.

Experiences assure that it is possible to reduce the suffering that we all going through. We also, know that cooperative schemes help the poor, farmers, workers to have their home, machines and psychological fulfilment, too. Jordanian development experience depends on the scientific planned strategy that utilizes resources to distribute them in a just way.

Poverty is the main reason for illiteracy, and this will be the base of an awful state that holds billion poor man around the world. The idea concerns us because the major part of that the unemployment and poverty makes the burden of debts grow endlessly and we have to do something to face those challenges.

In Jordan, we have adopted an ambitious policy that enhances the cycle of development, especially the conditions of women who comprise 52% of the population, depending on our belief that the family is the cell, the basic one of societies. Jordan has achieved primary position in the kingdom, thanks to the efforts of her royal highness, princess Basmah Bint Talal.

We hope to have a cooperative insight and reaction toward the existing obstacles in order to have a better living standard in housing, family, education, health and training, basing on law, and democracy.

Kuwait

Hon'ble Khalied Al-Kileeb Minister of Social Affairs and Labour

On behalf of the Government of Kuwait and the Kuwait cooperative movement, I would like to extend my thanks and gratitudes to the Government of Thailand and Cooperative movement for giving the chance to come and see this beautiful land and enjoy the hospitality.

Description of the Consumer Cooperative Movement in Kuwait

The first attempts of consumer cooperation started in the State of Kuwait at the Moubarkiya School in 1941 when the school cooperative society was founded. As a result of the success of this society in fulfilling its task, other schools have established similar societies such as Sadiq, Salah Al-Dien and Shamiya Schools in 1952.

In 1955, such attempts started to take another direction as consumer cooperative societies were established at few ministers. A consumer cooperative society was established for the staff of Social Affairs Department and another for the staff of the Information Department. All these societies were subjected to the social institutes and clubs law due to the absence of a cooperation law at that time.

However, consumer cooperation has started in its organized form with the issuance of the law No. 20 for the year 1962 which dealt with the methodology of establishing cooperative societies, their membership, management, supervision, dissolution and liquidation. The consumer cooperation has proceeded other cooperation sectors as the first official consumer cooperate society was established in Keifan in 1962. Then other consumer cooperative societies were established till they reached more then forty in numbers now.

In 1971, the Union of Consumer Cooperative Societies was established to mark the beginning of collective work as the consumer cooperative sector to defend the interests of its member cooperative societies and represent them at Arab and international conferences.

Based on the State and people's faith in the role of consumer cooperative movement and its success in fulfilling its mission for providing goods and services in addition to the spread of cooperative markets and branches in many parts of Kuwait, the government has entrusted this movement starting the year 1975 with the task of distributing subsidized goods to the people. It has also entrusted Kuwait Bakeries Company since January 1978 with the task of distributing its production

of bread. In addition, the Council of Ministers has issued an act in the same year cancelling grocery stores in model residential areas excluding laundries and bakeries. Consumer cooperative societies were entrusted with the task of covering the remaining services through their central markets and branches.

The Present Cooperative Law

Due to the gaps which appeared during the application of the law No. 20 for the year 1962, developments and expansions witnessed in the Kuwaiti cooperative movement, the government has amended this legislation with law No. 24 for the year 1979 which is the current cooperation law.

To confront the artificial increase in prices, the Union of Consumer Cooperative Societies has adopted a policy to place restrictions on the increase of the prices of necessary consumer goods and food stuff. It has started the application of this policy since 1980.

With the beginning of the 80's, the consumer cooperative movement headed towards opening and Arab and International cooperative movement. The union has tried to win the membership in the International Cooperation Federation. It has become one of its members in March, 1981. It has also contributed to the foundation of the Arab Cooperation Union which was declared in August of the same year, in addition to reinforce its relations with cooperative organizations in different countries through exchanging visits.

As the consumer cooperative movement in Kuwait has become a leading movement with economic and social ends on the State and individual level for both citizens and expatriates, it has contributed to upgrading and supporting national industries, activating local and foreign trade and has interacted with import policy for few goods under the cooperation trade name to find alternatives to the goods whose prices are high in the market in order to rationalize the prices of these alternatives.

In 1985, the union has established a center for packing and wrapping seeds and spices in economic packages to escort the needs of consumers and to rationalize the prices of the alternatives of these necessary goods for the consumer.

In 1992, an office has been established for the legal documentation of foodstuff in cooperation with the government and Kuwait's embassies abroad. The task of this office is to check that slaughtered and processed meat in addition to dairy products supplied to cooperative markets comply with the Islamic laws.

To prove the fast development of consumer cooperative movement since 1962 till 1995, the figures shown in the following table explain that cooperative societies have increased by the end of this period twenty times since the beginning.

Year	62-63	1970	1975	1980	1985	1989	1993	1994	95-96
No. of Coops	2	15	21	25	37	40	42	43	

To explain the capacity and success of these cooperative societies to fulfill their task, following figures in this table will clarify this matter:

Year	No. of Members	Subscribed Capital	Total Sales
1977	49087	\$ 7773004	\$ 15329160
1980	101748	\$ 11916025	\$ 338228983
1985	148766	\$ 17559817	\$ 611479361
1988	162976	\$ 24094721	\$ 727585959
1989	168405	\$ 25037402	\$ 784851987
1992	177450	\$ 23822270	\$ 861939227
1994	192155	\$ 25259105	\$ 938000595

Exchange rate is K.D. 0.2924851 in 26/1/1995

It is clear from the figures included in the above table, the great demand of Kuwaiti people to join consumer cooperative and subscribe in their capital. The gradual increase in the consumers over the high quality and suitable prices of goods presented by these societies. In the event of establishing new cooperative societies the figures in the above table will change.

In 1990, the union and cooperative societies played an outstanding role in serving the civil resistance target. The cooperative movement was able to manage the country's affairs by opening its markets and assisting the people free of charges in many instances to provide them with necessary goods in the absence of the government and legislative authority. It assisted all people and resistance men, thus reduced the effect of the occupation crisis for those who remained in the country.

In 1994, the union and cooperative societies have also played an outstanding role to stabilize the local economic situation when the Iraqi provocation's took place on the Kuwaiti borders.

On Gender Policy, the cooperative laws in Kuwait does not put in anyway any restrictions towards women participation in cooperative management or activities although there is a lack of women participation, but we hope to change this by time.

Finally, I would like to thank you all again and God bless you.

Malaysia

Hon'ble Dr. Goh Cheng Teik
Dy. Minister of Land & Cooperative Development

On behalf of the Malaysian delegation, I wish to congratulate the Government of Thailand and the International Cooperative Alliance for so successfully organising this conference of Cooperative Ministers in the Asia and Pacific Region.

Since the last report to this conference held in Colombo in 1994, the Malaysian cooperative movement has kept pace with country's fast growing economy. The Gross Domestic Product (GDP) of the country grew by 8.9% in 1995 and 8.2% in 1996. There are today 3,734 registered cooperatives with 4.43 million members. Their share capital has risen at an average annual growth rate of 10.4% to US\$ 1.2 billion and assets have increased at an average annual growth rate of 13.4% to reach US\$ 4.1 billion.

As has been reported in Colombo, we believe that cooperatives play, an important role in raising the living standards of the common people. As the government reduces its participation in the economy through privatisation and encourages the private sector to play a bigger part, their importance increases accordingly. With the stress on growth with equity as spelt out in The Seventh Malaysian Plan (1996-2000), cooperatives are expected to be more entrepreneurial and to participate more actively in the corporate business sector.

In recent years, many cooperative have been given opportunities to take part in privatisation programmes of the government through equity participation and joint-ventures. Record shows that in 1995 there were about one billion of quoted shares and 390 millions unquoted shares held by cooperatives in corporate bodies registered in Malaysia compared with 698 millions quoted shares and 203 millions unquoted shares respectively in 1994. The Cooperative Societies Act (1993) enables cooperatives to invest their surplus funds in any corporate body registered in Malaysia, besides depositing in fixed deposits accounts and investing in bonds or new shares listed in the stock exchange.

Prior to the financial year 1996, net profits of a cooperative with shareholders' fund exceeding RM 500,000 (or US\$ 200,000) and after five years of operation were subject to 30% corporate tax. Starting from the assessment year of 1997, the Government agreed that the limit of shareholders' fund would be increased to RM 750,000 (or US\$ 300,000). This means the net profits earned by a cooperative with less than RM 750,000 in shareholders' fund have now been exempted from corporate tax.

In addition, Government continues to provide soft loans to cooperatives from its Revolving Fund. In 1996, the Department of Cooperative Development disbursed RM 21.4 million (or US\$ 8.6 million) to 72 cooperatives to carry out the diverse activities. Since the introduction of the Revolving Fund in 1978, 623 cooperatives have benefited from soft loans amounting to over RM 118 million (or US\$ 49 millions).

To further strengthen business linkages, several steps and measures have been taken by the cooperatives to integrate themselves vertically and horizontally. One example is the formation of a consortium of consumer cooperatives. Consumer cooperatives are the fastest growing type of cooperatives, with an increase above 30% per annum. Such consortium can play in stabilising market prices and cushioning inflation. Similar integrations are being promoted for housing and credit cooperatives.

The Government of Malaysia places emphasis on development of cooperatives in schools. In 1996 it made it a policy, requiring all secondary schools in the country to form cooperatives.

The management of cooperatives is undergoing change. There is now a growing tendency for them, particularly the more established cooperatives, to employ more professionals and trained staff.

The approach in the law towards greater self-regulation by the members has been further pursued. New guidelines aimed at increasing the awareness of members of their rights in the movement have been issued by the Department of Cooperative Development. For example, two manuals on accounting and auditing have been produced.

In the field of education and training, the government, through the Department of Cooperative Development, continues to collaborate with the National Cooperative Organisation of Malaysia (ANGKASA) and the Cooperative College of the Malaysia. You may be interested to note that the Malaysian Government has a plan to upgrade the Cooperative College of Malaysia into an international cooperative institute to train cooperators not only from Malaysia, but also from other countries in the Asia Pacific region.

The government has taken steps to computerise its information systems. The computerisation exercise in the Cooperative Department begun in 1995 and is expected to be completed this year. A Home Page was launched last year. This Home Page, in future, will be used as the medium of communication between cooperatives and the government on day-to-day matters, including registration and application of loans. In addition, the Department of Cooperative Development and the Cooperative College of Malaysia have embarked on documenting their work processes for recognition under ISO 9000.

In line with the objective of promoting cooperative principles and facilitating the operations of the cooperative movement, the government recognises the National Cooperative Organisation of Malaysia (ANGKASA) as the apex body to represent the movement nationally as well as internationally on 9th May 1996.

The government of Malaysia is committed to upholding the ideals, values and principles of the cooperative movement and recognises the fact it plays a vital role in the economic and social life of the country. Needless to say, there is room for Malaysia's cooperatives to be efficiently and effectively managed. The Malaysian government is confident that continued collaboration amongst cooperatives, the private corporate sector and the public sector, supplemented by the support of the International Cooperative Alliance, would produce the desired results in the coming years.

Mongolia

Mr. G. Myanganbayar,
Chairman, Central Union of
Mongolian Consumers Cooperatives

Mongolian Consumers Cooperative: Background

The first Mongolian consumers cooperative was established in 1921 by 116 members—mostly poor herdsmen and citizens, who supported a cooperative movement. The cooperative was called “People’s cooperative of mutual aid”.

From that time the cooperative served its members by providing goods at a discount price, bought herdsmen animal raw materials at higher price and processed them. Such activities attracted herdsmen and citizens to the cooperative, increasing the number of members. Thus, the cooperative could occupy its place in the market of its own country.

In 1940 the cooperative trade system executed about 60 percent of retail trade in Mongolia. But in 1958, when Mongolia had a communist regime and central-planned economy, Communist party and Government confiscated into the State budget about 100 million tugriks, property of 273.1 thousand consumer cooperative members, and transferred cooperative business activity to State trade.

From that time up to 1990 the activity of consumer cooperative had been in a stagnant condition. The consumers cooperative Union remained just as a “Society”.

In 1990, when reforms and renovation process of Mongolian Society were started, the consumer cooperative was revived due to the demands and initiative of consumers “society’s” members, herdsmen and citizens.

Membership

At the end of 1996 MCCU had 246 primary cooperatives, 36 limited companies, 18 aimag’s (administrative unit) unions and 1 “Khuvii niiluulegchid” secondary cooperative, which has a responsibility to be an intermediary for cooperatives and unions. All these organisations comprised in total 259 thousand members.

External Cooperation

The Central Union of Mongolian Consumers Cooperative joined into International Cooperative Alliance in 1993.

MCCU was a host organisation of the 26th Meeting of ICA Commit-

tee on Consumer Cooperation for Asia and the Pacific as well as National Workshop on "Cooperatives in a changing environment", held in June, 1995 in Ulaanbaatar, Mongolia.

With participation and collaboration of ICA regional office for Asia and the Pacific and ILO, it held the cooperative Seminar on "Cooperatives-Reforms-Development" in May, 1996 in Ulaanbaatar, Mongolia.

MCCU closely cooperate with European TACIS programme through Mongolian Business Development Agency.

Difficulties and problems faced by MCCU

Last year (1990-1997), when the Central Union of Mongolian Consumers Cooperative revived its activity, were a really difficult period both for Mongolian society and economy and for our cooperative movement and its development.

Lack of goods and money, financial problems and deficit of qualified personnel are the main problems occurred in consumer cooperative movement.

Nowadays our cooperatives suffered of limited means to turnover and lack of goods and raw materials, because of such situations as the term of bank loan is short, its interest is high and besides these, banks refuse to lend money to cooperatives.

In spite of that the cooperative property is public and is not a subject for privatisation, the consumers cooperative property was privatised during the reforms and renovation process in 1991-1992. Because of these, Mongolian cooperative structure, organisation, democracy and membership was infringed much.

Because of the above mentioned problems and circumstances, Mongolian consumers cooperatives have faced deep financial and economical difficulties and till now could not overcome them.

Policy and the nearest goals of MCCU

- To execute Mongolian law on Cooperatives, decisions of 18th Congress of MCCU, resolution and statements of ICA Manchester Congress;
- To elaborate the project on "Social programme for cooperative development";
- To reorganise consumer cooperatives in accordance with the Law on Cooperatives, to strengthen cooperatives with a market capability to go out from financial problems;
- To implement Conception of Government, to cooperate with Government on establishing trade network, especially for wholesale trade, in rural areas;

Following constantly the basic principles of international cooperative movement, founding on domestic animal raw materials and as the oldest cooperative and a member of ICA, the Central Union of Mongolian Consumers Cooperative will support cooperatives to establish profitable small scale enterprises;

Within the framework of international cooperative movement MCCU interests to establish friendly relations and mutual business cooperation with you, Cooperators of Asia and the Pacific.

Myanmar

Hon'ble Than Aung, Minister for Cooperatives

First of all, may I take this opportunity to express a few words that I have great pleasure to visit Chiangmai, a beautiful and grand city of Thailand. At first sight of my arrival in this historic wonderland, I feel very happy to have such a nice visit and I deeply thank Mr. Shucheep Hansaward, Minister for Agriculture and Cooperative, for the warm and friendly invitation to attend this Conference. Moreover, I would like to thank the responsible personnel of ICA ROAP for the necessary arrangements to hold the Conference and having the good chance to meet the cooperators of the Asia and the Pacific region. As for me, it is my proud privilege indeed to come to this land. Once again, I thank the departmental concerned to choose the beautiful place for holding this Conference.

On this auspicious occasion, in the presence of our esteemed national and international cooperative leaders, I would like to take this opportunity to deliver an address regarding the theme of this Conference. We are gathering together in this 4th Asia-Pacific Cooperative Ministers' Conference to deliberate the special theme on "Cooperatives in a Changing Socio-Economic Environment". In this regard, four background papers will be presented and discussed to search for ways to make cooperatives more competitive and at the same time developmentally sound. I am sure that this Conference will produce fruitful and workable solutions to the challenges facing cooperatives in the changing socio-economic environment.

It is known to all that the first Cooperative Ministers' Conference was held at Sydney, in 1990. The 2nd and 3rd Conferences were held in 1992 and 1994 at Jakarta and Colombo respectively. The significance of these previous Conferences was that they had made pragmatic deliberations with specific areas of emphasis for discussion and recommendations. This Fourth Conference of the Cooperative Ministers is a further step in the direction of achieving the objectives of the cooperative movement and making it more relevant and responsive in the new socio-economic environment in various countries in the region.

As we are aware, cooperative societies are, in nature, socio-economic organisations that they have dual characters such as economic character and social character. In this connection, cooperatives are instrumental in improving the socio-economic conditions of the people economically and socially. In some cases, cooperatives have to crystallize their strategy to meet up with the changing situation. The need to change should be in

conformity with cooperative principles and value. In addition, the change should be oriented to become wholesome transformation towards improving of economic and social conditions of the people.

In Myanmar, the State Law and Order Restoration Council, after assuming the responsibilities of the State in 1988, had made a significant economic change from centrally planned economy towards a liberalized market-oriented system. The Government has paid sufficient attention to proper strategies for economic development and growth in the economy in order to improve the living standard of the people. Initially, it laid down the four main tasks out of which the third one states that "The State Law and Order Restoration Council will strive for the better conditions of food, clothing and shelter of the people and render necessary assistance to the private sector and the cooperatives to do so". This highlights the Government's recognition of the importance of cooperatives in national development. In consonance with the above main task, the Government of the Union of Myanmar has paid special attention to the development of cooperatives sector and rendered appropriate assistance for the systematic emergence of cooperatives. In this connection, the Government amended and enacted the cooperative law and rules to be in harmony with the prevailing circumstances. Furthermore, directives and procedure hindering the cooperative work were also revoked.

With the introduction of the market-oriented economic policy, cooperative and private enterprises are operating their economic activities in a competitive setting. The cooperatives have been given opportunity to register themselves as importers/exporters to commence external trade operations. In doing so, cooperatives are carrying out their socio-economic activities in business-like manner without any interference. In accordance with the transformation of national economy, Ministry of Cooperatives has taken steps to bring systematic formation of cooperative societies of various types at different levels, on the one hand, and endeavouring concerted efforts for the successful implementation of their economic operations, on the other. In line with the market-oriented economy, the cooperatives while in implementing their respective functions, adjust themselves to adapt to the new changing environment. At present, over twenty one thousand cooperative societies are formed according to the Cooperative Society Law of 1992.

My above presentation is concerned with the structural change in the socio-economic environment placing a special emphasis on the changing of economic pattern of cooperative movement in Myanmar.

Moreover, I would like to emphasize briefly on cooperative legislation as one of the major changes. In Myanmar, on 22nd December 1992, the old Cooperative Society Law of 1970 was replaced with Cooperative Society Law of 1992. The new Law is unique in feature because it

incorporates and prescribes the basic principles of cooperatives in it. In addition, it allows the cooperative societies their independence and autonomy in the management of their affairs.

The next major change is the establishment of financial institutions. With a view to strengthening the competitiveness of cooperative financial institutions, three cooperative banks have already been established according to the Government's monetary policy. These banks are operating their operational works with the financial mobilization and contribution from other cooperatives as capital investment.

In addition to these banks, other financial institutions such as Saving and Credit Cooperative Societies have already been formed to facilitate the financial assistance by providing loans to the members. At present, altogether 2154 Saving and Credit Cooperative Societies are under operation with the total membership of 0.491 million. The total amount of saving of the members is k. 1157.64 million and the loan provided to the members is k. 2913.94 million. In Myanmar, the activities of the above cooperatives are achieving for effective creation of member satisfaction through financial assistance.

The next significant step taken by Myanmar cooperatives is the establishment of Government Employee Cooperatives (GEC). The GECs are now taking part in the implementation of health care services with 264 clinics in 211 townships. The unique features of these GEC clinics are the introduction of operating credit card system and thereby GECs health care services become most popular for rendering requirements to the members. At present, 221540 members have been taken treatment and cured by the credit card system.

The GECs are being formed with the encouragement of the Government for the welfare of the employees. Among the various types of cooperative societies, GECs are the most distinct for a great strength of members consisting of 790583 employees. Regular distribution of commodities produced by the State - owned factories are being sold to the members at discount prices. GECs (Education), formed for educational employees, are making efforts to sell the required commodities on credit as well as installment basis to the members. Thus, the change of cooperative legislation in market-oriented economy has made a favourable impact on cooperative movement for the sustainable development of socio-economic conditions in Myanmar.

Let me proceed with the next important change regarding the Human Resource Development (HRD) which was emphasized in the Colombo Declaration as an important role. As a follow-up action, the cooperative movement in Myanmar have laid greater emphasis on the human resource development. In this regard, four Cooperative Training Schools were upgraded to the status of Diploma awarding Cooperative

Colleges. The existing Cooperative Training Schools are still open for this purpose. In addition, a Cooperative Degree College will be opened in the next year.

In connection with the human resource development, may I take this opportunity and allow me to present very briefly about the Human Development Initiative (HDI) project. The executing agency of the project is UNDP with the financial inputs of US\$ 3.9 million. The contribution of the State is amounting to k 27.96 million. The national implementing agency is Cottage Industries Department (CID), which is one of the departments under the Ministry of Cooperatives. The Cooperative Department is to act as coordinating agency and is responsible to take its part in collaboration with the CID as well as UNDP.

The overall objective of this project is to create more and sustainable income opportunities in the target communities, with a particular emphasis on the poorest of the poor. To reduce the vulnerability of poor people and bring about lasting improvements in their lives, they need to have secured livelihoods. In this respect, provision of micro-credit to the poor is one of the most important undertakings to help the poor. The title of the project is "Sustainable Livelihoods Through Micro-Credit for the Poorest". The project is to be implemented in 11 rural townships in collaboration with the cooperative societies in the respective areas by facilitating access to micro-credit and establishing small business support services. Moreover, appropriate training courses are to be conducted to the target groups to get wider knowledge for their living.

My above presentation is connected with the issue of "Sustainable Development and Cooperatives" which is to be deliberated in this Conference. Another major issue that I would like to present is "Gender and Development" which is also to be discussed as a background paper.

In Myanmar, women's participation in cooperatives is greatly encouraged with special attention by formulating particular programme. In this connection, Ministry of Cooperatives is fully aware of gender issue in cooperatives and laid down necessary policy for the systematic emergence of women's cooperatives. The detail of this issue is mentioned in my Country Statement.

In conclusion, I would like to close my presentation that, in Myanmar, continuous efforts are being made to accelerate the momentum with a view to having sustainable development of cooperatives in economic and social environment. Before concluding let me express my heartfelt thanks to all of you for your kind attention.

Lastly, may I express that I have great pleasure to attend this august international gathering and wish the Conference all success.

Myanmar

Mr. Win Sein, Chairman,
Central Cooperative Society

The Land

Myanmar is known as the Golden Land not only for its golden pagodas, but also for its rich natural resources. Geographically, Myanmar is the largest mainland and situated in South-East Asia sharing common borders with Bangladesh and India on the North West, China on the North East, Laos on the East and Thailand on the South East.

The total area of the country is about 261,228 square miles and stretches for about 1275 miles from North to South and 582 miles from East to West. The capital of Myanmar is Yangon.

People

The population of the Union of Myanmar spread over seven States and seven Divisions is estimated at 44.74 million with an annual growth rate of 1.88 percent. About 76 percent of the population resides in rural areas and out of a total labour force of 16.47 million, about 10.78 million or 65.45 percent is actively engaged in agriculture.

Myanmar is a union of many nationalities as many as 135 ethnic groups out of which the largest nationality is Bamars who make up to 68.96 percent of the population.

Climate

Myanmar enjoys a favourable tropical climate with three seasons. The raining season ranges from mid-May to mid-October, the dry cold season from mid-October to mid-February and the warm hot season from mid-February to mid-May.

Land Utilization

The total utilization of land in the Union of Myanmar is 167.2 million acres out of which the extendable area is 22.7 million. In this regard, Myanmar still has a vast potential of land resources for cultivation and for further expansion of agriculture sector.

Mainstay of Economy

Myanmar is an agricultural country. The agriculture sector dominates the economy of Myanmar. Significant growth of national economy

is the results of remarkable progress of the agriculture sector which, in turn, has favourable impact on the plan implementation of other sectors. Agriculture production, therefore, is being given serious attention by the Government and the people of Myanmar.

Brief history of Myanmar Cooperatives

The cooperative movement in Myanmar originated from the promulgation of Indian Cooperative Credit Societies Act in 1904. Primarily it was contemplated as government sponsored and administered endeavour to relieve the agricultural indebtedness of the farmers in Myanmar. The first Agricultural Credit Cooperative Society was organised and registered in January 1905 and set up in Myinmu Township. Thus, the cooperative movement was introduced into Myanmar and then it had been changed in accordance with the prevailing circumstances in political, economic and social conditions. In this connection, Cooperative Societies Acts were enacted one after another with the aim of redressing the situation and reconstruction of the schemes.

Economic Change

The State Law and Order Restoration Council, after assuming the responsibilities of the State in 1988, has introduced economic reforms in the country. To be in conformity with the changing world economic situation, the Government has restructured the country's economy from centrally planned economy towards a liberalized market-oriented economic system. In this regard, significant changes have been made in the economy through liberalization of the trading policies.

With the introduction of the market-oriented economic policy, opportunities are open for expanding trade. Therefore, private and cooperative undertakings can be engaged in a wide range of economic activities. On the other hand, notifications, orders and declarations restricting the activities of the private and cooperative enterprises have been revoked. On 29th October 1988, the Ministry of Trade of the Union of Myanmar issued notification No. 1/88 abrogating orders, announcements and directives which prohibited internal and external trade activities.

In accordance with the trade liberalization policy, the cooperatives have a good chance to engage in external trade. At the same time, they can also act as business representatives of the foreign firms by registering themselves at the Ministry of Trade. In addition, with the promulgation of the Foreign Investment Law in November 1988, the cooperatives can set up joint ventures either in a form of a partnership firm or a company with a foreign partner.

Economic Plan

There are three main sectors in the economy of Myanmar such as State sector, Cooperative sector and Private sector. The State Law and Order Restoration Council had formulated and implemented a Short-Term Four-Year Plan (1992-93 to 1995-96) to accelerate the rate of economic development with an aim of building a modern, prosperous and peaceful nation. In this regard, implementation of annual plans had exceeded the targets due to harmonious efforts among sectors thereby creating favourable economic conditions for further development. In the four-year plan period, the average of annual growth rates of Gross Domestic Product (GDP) was 8.2 percent.

The State has been extending infrastructure work as much as possible for the development of economic and social services. Efforts have been made to expedite the development of agriculture sector, the main stay of the economy, by placing special emphasis on production of paddy for self-sufficiency and for surplus while simultaneously efforts are also being made for increased production of important crops such as oil seeds, beans and pulses and industrial raw material.

In order to raise the economic and social status, the State has been taking measures and giving incentives to mobilize the financial resources effectively in various ownership in the country. In formulating the investment programmes, emphasis has been given not only to the State sector but also for wider participation of the cooperatives and private sector. The increase of State investment was due to the allocation of investment in infrastructure projects such as construction of roads, railroads, bridges, dams, reservoirs, hydroelectric power, canals and embankment under special projects.

The State Law and Order Restoration Council formulated the second economic plan as Five-Year Short-Term Plan from 1996-97 to 2000-2001 with the average annual economic growth rate of 6 percent. For the successful implementation of the plan targets, necessary measures are being taken by the Government, Departments concerned and private entrepreneurs.

Cooperative Plan

With a view to achieving the plan targets, the first and second years of the Four-Year Plan had been designated as "Economic Years" whereby special efforts had been made to increase the public savings to channel into investments for production and export promotion. Moreover, the third year of the four-Year Plan was designated as "All-Round Development Year" so as to develop the national economy and other sectors in all aspects. In conformity with the State economic plan, significant steps are being made to achieve the plan targets by cooperative sector. During the

first Four-Year Plan period, cooperative sector made comprehensive achievement in implementing the plan targets with the average annual performance of 133.5 percent. The yearly plan performance of the cooperative sector was as follows:-

(Kyat million)			
Year	Plan target	Performance	Percentage
1992-93	7395.2	9264.6	125.2
1993-94	8508.3	9498.6	111.6
1994-95	5856.5	9080.4	160.5
1995-96	7613.1	10398.9	136.6

Moreover, cooperative investment also made significant increase during the plan period making average annual increase of 1000 million kyat. At present, cooperatives are striving concerted efforts to achieve the plan targets in Five-Year Plan period from 1996-97 to 2000-2001.

With the emergence of the market-oriented economic policy, cooperative and private enterprises are operating economic activities in a competitive setting. The cooperatives are now encouraged to carry out internal and external trade activities with all other manufacturers, suppliers and buyers. Export and import trade can be undertaken independently according to sound business principles. Moreover, the cooperatives are striving and making endeavours to undertake economic business ventures in competition with private sector.

Organization structure of Cooperatives

The organization structure of cooperatives in Myanmar can be seen dividing into three portions, such as, departmental, societal and enterprise. In this connection, under the Ministry of Cooperatives two departments and one enterprise such as Cooperative Department, Cottage Industries Department and Cooperative Export Import Enterprise have already been established. As for the societal portion, different levels of cooperative societies are being formed according to the law.

The Ministry of Cooperatives is nurturing the growth of commercially viable cooperative movement with minimum interference and also adopts the policies and programme that will help strengthen the democratic character of cooperatives and promote their autonomy.

The Cooperative Department is responsible for such functions as regulatory, organization, education, and supervision to improve the cooperative development. This Department will assist in the formation and development of cooperative societies in accordance with their basic principles. Another major function of the Department is that it is

empowered to advise and supervise the economic activities of the cooperative societies and keep them to be in line with the Government policy. Under the Cooperative Department, 14 State/Division Cooperative Departments and 308 Township Cooperative Departments are already established for the successful implementation of cooperative scheme in their respective regions.

The Cottage Industries Department is a technical department. It is responsible to render necessary technical assistances to cooperative societies. Another major function of it is to conduct various technical training, and disseminate technical know-how to cooperatives as well as private entrepreneurs.

The Cooperative Export Import Enterprise (CEIE) is responsible for export and trade promotion by boosting of export and import activities. At the same time, it has the responsibilities of collecting, disseminating the market information, identifying export potential and product development. Another major function is that it makes necessary supervision and documentation for import and export activities and also support services for the cooperative societies to form joint ventures with foreign partners.

For the societal portion, different levels of various cooperative societies are formed in line with the promulgation of the new law. In this regard, societal structure can be classified into four levels such as primary level, syndicate level, national level and central level.

At the primary level, a Primary Cooperative Society may be formed with at least five persons. At the syndicate level (secondary level) a Cooperative Syndicate may be formed with at least three Primary Cooperative Societies. At the national level a Union of Cooperative Syndicate may be formed with the affiliation of Cooperative Syndicates. At the central level, the Central Cooperative Society may be formed consisting of Cooperative Syndicates and Union of Cooperative Syndicates which have already been formed. The Central Cooperative Society is an apex organization of Myanmar cooperative movement. The Objective of it is to supervise and coordinate the activities of all affiliated cooperative societies especially in the domain of education, training and business undertakings.

At present, the previous cooperative societies established under the old Cooperative Society Law of 1970 are being re-constituted in accordance with new law within the stipulated period.

Formation of Cooperatives

For the purpose of carrying out the smooth formation of cooperatives societies, the Ministry of Cooperatives and Cooperative Department issued necessary orders and directives and at the same time, Central

Restructuring Committee and Regional Restructuring Committee have already been established for successful implementation of the restructuring and formation activities of cooperative societies.

According to the Cooperative Society Law of 1992, new cooperative societies are being formed and previous cooperative societies are reconstructed up to date as follows :

(a) New Cooperative Societies		6144
(1) Primary	5768	
(2) Syndicate	371	
(3) Union	5	
(b) Reconstructed Cooperative Societies		15432
(1) Primary	15304	
(2) Syndicate	128	
	Total	<u>21576</u>

The total number of members of the above cooperative societies are 2.8 million out of which 1.5 million members constitute a work force employing themselves in cooperative ways.

The cooperative societies are formed on self-reliance and self-help basis that their financial position mainly depend on their share contribution. At present, the total share capital of the above mentioned cooperative societies are kyat 3746.04 million.

Cooperative Activities

The economy of Myanmar has three sectors such as State sector, cooperative sector and private sector. In accordance with the market-oriented economic system, cooperatives have opportunities to carry out their economic activities through perfect competition manner with private entrepreneurs. In addition, under the new cooperative law, cooperatives have become independent, democratic, autonomous and economically viable organization engaging in all aspects of business activities such as production, trading and services.

In production sector, cooperative agricultural production is being given special priority as the economy of Myanmar largely depend on the agriculture production with favourable impact in the development of national economy. In this connection, a total of 6682 Agricultural Cooperatives and 30 special cooperative zones have already been established in 14 States and Divisions. Last year 1995-96, the sown or grown acres for crops was 1.14 million with the output value of K 3103.18 million. It is on the increase than the previous years.

According to the policy guidelines laid down by the Ministry of Cooperatives, farm mechanisation programme has been launched and implemented with the provision of farm implements as well as agricultural inputs.

In addition to the agriculture sector, cooperatives are engaging in the economic activities of Livestock Breeding and Fishery, Forestry, Mining, Processing and manufacturing, Construction and Power.

For 9 months of this year, the production value of above sectors is amounting to K - 5920.29 million so far.

As for services sector, cooperatives are implementing the economic and social activities of Transportation, Saving and Credit, Dispensaries, Social Welfare and other services with the value of K - 932.07 million.

As for trade sector, cooperatives are carrying out the trading activities of internal and external trade as well as import and export with the value of K - 2288.71 million.

Government Support

As it is known to all that Government assistance is an important factor in the development of cooperatives. Moreover, Government's continuing support to cooperatives is the most necessity to grow as a vital instrument of socio-economic change and to facilitate their development and operational activities in conformity with cooperative identity. In Myanmar, the Government provides every assistance to cooperatives by way of pronouncement of cooperative policy, amendments in cooperative laws and loan facilities to cooperatives.

In addition, the Government is rendering appropriate assistance to Government Employee Cooperatives (GEC) and Government & Employees Cooperatives (Education) which have already been formed.

GECs are formed with the members of Government employees from Government offices, factories and workshops on regional basis. As for GECs (Education) they are formed with educational employees of schools, Colleges and Universities in their respective township. The overall objective of these cooperatives is to render welfare services to the members.

The Government has been provided financial support to GECs as to revolving fund, without interest, amounting to K. 100 million and soft loan amounting to K. 465.41 million besides the share capital of the members. For GECs (Education), Government's subsidy as soft loan is amounting to K. 669.98 million.

Members of GECs can buy essential commodities in retail or wholesales at reasonable prices and for members of GECs (Educational) they can buy at discount prices. Then, arrangements are being made to

sell on credit as well as installment basis to the members. Now, members can also enjoy rebates on sale and dividend on shares. The total members of these GECs and GECs (Educational) are 790583 in the whole country.

Cooperative Education and Training

As we are aware that cooperative is a socio-economic organization in nature with dual characters such as economic and social aspects. With a view to promoting the social aspect and keeping sustainable development of the national economy, cooperatives in Myanmar are striving with endeavours for the establishment of Cooperative Colleges.

At present, a Central Cooperative College and three Cooperative Regional Colleges are officially opened in order to produce technically qualified students in accountancy, computer application and various aspects of management. In addition to the colleges, three Cooperative Training Schools are still opened in respective townships. Various training courses are conducted in the schools to upgrade the managerial and technical skill of cooperative committee members and staffs of the cooperative societies as well as Cooperative Departments.

With a view to promoting the educational standard of cooperatives, a new Cooperative Degree College will be opened in the near future. At present, the construction of the Cooperative Degree College is underway and the Ministry of Cooperatives is striving for the timely completion of the construction works.

Women's participation in Cooperatives

The cooperative basic principles indicate that cooperative should be open to all persons "without gender, social, racial, political or religious discrimination". In this context, women's participation in cooperatives is being encouraged in Myanmar as an important role.

The first significance of women cooperative called "Thiri-May Women Development Cooperative Society" was formed on 12th July, 1996 and in the near future more women cooperatives including secondary and tertiary level of women cooperatives will be formed accordingly. At present 22 women cooperative societies have already been formed with the total members of 2369 and share capital of K - 5.08 million.

Traditionally, Myanmar women have the unique character of active participation in non-governmental organizations. For example, the Maternity and Infant Welfare Society (MIWS) which was founded in 1911, played an active role in the promotion of maternal and child health care. Likewise, other prominent women in non-governmental organizations are being formed and help in the matters of national concern. Women in Myanmar are not discriminated in any form. They have equal rights and obligations like men in the fields of law and other areas of employment.

Financial Cooperatives

In addition to the 1947 Primary Cooperative Saving and Credit Societies, 75 Monetary Cooperative Syndicates and a Union of Monetary Cooperative Syndicates have already be formed to encourage saving and extend loans at low interest rate to the needy.

With a view to providing financial assistance, besides the above financial cooperatives, three cooperative banks have been established as follows :

- (a) Central Cooperative Bank
- (b) Cooperative Farmers' Bank
- (c) Cooperative Promoters' Bank

The main objectives of the cooperative banks are to provide loans and to accept deposits from cooperatives as well as from private for the earning of appropriate interests.

Cooperative Health Care

Another significant step taken by Ministry of Cooperatives is the systematic emergence of cooperative health care services. At present, 302 cooperative health care centres are open in 216 townships and 1.88 million patients had been cured in the cooperative health clinics.

With a view to accelerating the development of national health care activities a new cooperative health care system had been formulated to implement by Government Employee Cooperatives. According to this system, credit cards are issued to the members to use them in need of treatment at the clinics concerned. At present, in 211 townships, there are 264 GEC clinics are opened operating credit card system for the health care of 221540 members. Moreover, a significant progress made for the health care of society members as well as the public is the establishment of GEC hospital in Mandalay on 20th December, 1996.

The objectives of cooperative health care services are as follows:-

- (a) To undertake health care services for Government employees and their families thereby to lift up their hygienic status.
- (b) To ameliorate the stringent conditions of the Government employees and to facilitate medical care.
- (c) To ultimately take care of the whole public for general medical services by cooperative means.

Conclusion

In Myanmar, cooperative movement is endeavouring with achievements and greater momentum in all aspects in the changing economic

environment. The Government of the Union of Myanmar is rendering every assistance to the cooperatives for the systematic development economically and socially. The cooperatives are making concerted efforts for the materialization of socio-economic undertakings in conformity with the cooperative basic principles, identity and value. To do so, cooperative principles are mentioned in the Cooperative Society Law of 1992.

In the changing economic environment, Myanmar cooperatives are striving all-out efforts to sustain the competitive strength in the market-oriented economy in collaboration with other cooperatives in the Asia and the Pacific Region. Myanmar Delegation will support the resolutions and recommendations that will be adopted and ratified in the Conference. In addition, the affective follow-up actions will be made with sustainable development and success.

Philippines

Dr Luis Carrillo
Chairperson
National Confederation of
Cooperatives (NATCCO)

Mr. Guillermo Cua
Philippine Coop/Agrarian
Sector in the Board of Trustee
Land Bank of the Philippines

Firstly, let me touch on the relevance of the Cooperative Ministers Conference. Primarily through the efforts of the International Cooperative Alliance and host governments and coop movements, the Asia-Pacific Cooperative Ministers Conferences have been successfully held for the past seven years. The Conferences have been effective in bringing together the national government in different countries and bringing them into interaction with various national cooperative movements. As in any gathering of this nature, the knowledge that one obtains from the sharing of ideas and experiences becomes very valuable in assessing one's movement's performance, strength, difficulties and even general directions. Moreover, the initial interaction eventually leads to closer collaboration on more functional concerns.

On top of this, the choice of conference themes have generally been commendable. In 1990 and 1992, the emphasis had mainly been on the need to revise cooperative laws to rationalize the role of government cooperative authorities in cooperative development and that of the cooperative movement as well as to ensure its adherence to the principles of subsidiarity and self-reliance. In 1994 and the present conference, the stress is on ensuring that cooperatives continue to become viable, creative and competitive in an economic environment that only favours efficiency, innovativeness and integrated efforts by and among major players.

There are understandably downsides, as the degree of implementation of the Conferences' resolutions differs from country to country. While the implementation is incumbent to each country, we can fully support the recommendation for the coop movement and national government to constitute a committee or set up a mechanism by which they can jointly review and monitor their degree of "compliance" with-or even diversion from the Conference resolutions. This is one way to strengthen understanding and cooperation between the cooperative movement and the government.

Development in Philippine Cooperatives

The passage of more liberal and more cooperative-empowering laws

(Republic Act (RA) 6938 entitled "Cooperative Code of the Philippines" and RA 6939 entitled "Cooperative Development Authority Act") ushered in the faster growth of the member-driven and controlled cooperatives. Statistics from the National Confederation of Cooperatives or NATCCO, one of the biggest cooperative federations in the Philippines, show that its mostly private sector-initiated cooperatives had mobilized eight billion pesos (or around US\$ 310 million) as of year-end 1994. Moreover, 74% of the total resources are internally generated from the members as savings and/or share capital.

In terms of the reach of cooperatives, membership totalled a million individuals as of year-end 1994. This is translated to an average membership per coop of 700 in 1986 to 900 in 1994. Money-wise and member-wise, these member driven and savings-based cooperatives have been growing remarkably at a time when cooperatives are more openly promoted and the coop movement's role in coop development is given more prominence in the law.

As in the implementation of the Coop Ministers Conference's resolutions, there have also been downside in the growth of Philippine cooperatives. The liberal coop laws as well as politically and "external fund-oriented" (especially grant-funded) cooperatives also spawned the organization of Cooperatives of different persuasions and perspectives. The number of registered cooperatives ballooned from less than 5,000 in 1986-87 to 24,000 in 1992, and finally 41,448 as of January 1997.

In an attempt to provide more rationalization in the growth of cooperatives, the CDA has started delisting some hundreds of cooperatives from the roster of registered coops. This will hopefully focus the attention of government regularity, promotional and developmental agencies and other concerned entities on viable coops and the reason why they become viable in the first place.

On the other hand, the Land Bank of the Philippines which is involved in assisting cooperatives in the countryside has also implemented a Cooperative Accreditation Criteria to guide the government bank in its lending program to cooperatives. Based on the report on coop upgrading in 1996, a total of 690 cooperatives showed improvements and moved to higher classifications (from Grade D to A Type cooperatives). These cooperatives showed improvement and maturity in terms of key indicators like growth in membership quality, improved internal control system and credit management system, leadership capability, personnel professionalism among others. There are a total of 1,977 bank-assisted cooperatives that exhibited significant improvements in such key indicators.

To further enhance the financial performance of bank-assisted cooperatives, the bank continued to intensify efforts on coop capital

build-up and savings mobilization. As of 31 December 1996, a total of 176 cooperatives launched their membership savings operation generating a total of P26.83 million by 15,361 member-savers. These efforts will be continued to be promoted by the bank on cooperatives. Moreover, in support to cooperatives, the national government appointed a Philippine coop/agrarian sector representative to the policy-making body of the bank last year.

Finally, efforts can be concentrated more on how to further help the viable cooperatives meet the onslaught of competition from big businesses considering the liberalization of the Philippine economy. Hopefully, too, the partnership between the privately initiated cooperatives and the Land Bank of the Philippines together with the Cooperative Development Authority will be further strengthened.

Singapore

**Mr. Tan Kin Lian, Chairman
Singapore National Cooperative Federation**

Introduction

Singapore is a small island with an area of 641 sq. km. It has a multi-racial population of 3 million people.

It has a well developed economy and an orderly society. The Republic has enjoyed robust economic growth and full employment for more than 10 years with an unemployment rate kept below 3 percent. Singapore is an international centre for communication, commerce and finance.

Cooperatives in Singapore since the Last Ministers' Conference in 1994 in Colombo

Today, the cooperative movement has a total of 910,000 individual members from 75 cooperative societies.

The total assets of these cooperatives amount to S\$3.15 billion (US\$2.17 billion).

These cooperatives are engaged in a variety of enterprises, including insurance, supermarket, food catering, child care, medical, retail, housing, broadcasting, home for senior citizens etc.

They address various important social and economic needs of their members and the public at large and have helped them to obtain a wide range of goods and services at affordable cost.

The movement is organised into four sectors comprising:

- 12 campus cooperatives
- 36 credit cooperatives
- 6 NTUC cooperatives
- 12 service cooperatives

New Economic Environment

The business environment is becoming more competitive. Cooperatives are now facing more intense competition from the private sector. The less efficiently managed societies may eventually be squeezed out. These cooperatives have to upgrade their operations and improve their services to members to remain relevant.

At the same time, lifestyles and social structures are undergoing rapid changes. New needs are emerging, such as health care, child care, aged care, education and other services affecting the day to day living of the people.

Cooperatives are compelled to look for more cost effective ways to improve the standard of living and welfare of their members and consumers in general.

Recognising these rapid changes, the SNCF carried out a strategic review of the cooperative movement in 1993 and adopted a plan of action to guide the movement towards the new millennium.

Cooperatives also realise the need for leadership renewal to bring vigour to the movement. Activities are organised by SNCF to attract students from secondary schools, junior colleges, polytechnics and universities to form campus cooperatives. The SNCF organised two successful events in 1995 and 1996; the first is a national seminar for campus cooperatives and the second a regional seminar attracting participation from several countries in the region.

151 participants from 9 countries participated in the seminar Youth Today – Cooperative Leaders Tomorrow, organised by SNCF, ICA ROAP and NFUCA Japan.

Privatisation and its impact

The impact of privatisation and reduction of subsidies for some of the services provided by the government, such as health care, education and housing, has resulted in higher cost of living for the people. With higher incomes and affluence, expectations have also increased considerably.

Cooperatives can play a role in moderating the increase in the cost of living by providing goods and services to its members at affordable rates.

Changes in the Cooperative Law

The Singapore National Cooperative Movement play the role of representing the cooperative movement. It also has the statutory responsibility of developing the movement and receives financial support and grant from the Central Cooperative Fund for this purpose. The CCF is funded from a levy of 5 percent of the economic surplus of cooperatives, subject to an annual cap. S\$ 500,000.

The Registrar of Cooperative Society, under the Ministry of Community Development, performs the regulatory role. The Cooperative Societies Act was last revamped in 1979. It has not been amended since the current legislation is operating smoothly.

The minister has said that it is the government's policy to take a middle of the road approach in extending a reasonable amount of assistance and advice to the cooperative movement. At the same time, it ensures that this help does not stifle the initiative and enterprise essential, for the movement to succeed in the future. The cooperative movement will continue to play an active and positive role in the socio-economic development of Singapore.

Conclusion

The Singapore National Cooperative Federation has set the following targets for the year 2000:

- To increase the total individual membership of the cooperative movement to one million people.
- To embark on a programme to inform and educate members and the public at large about cooperative values and their application in a modern society.
- To develop new cooperatives to meet new and emerging needs.
- To strengthen the leadership and management skills by organising cooperative management courses for the leaders and full time staff working in these societies.
- To enhance awareness and greater participation of members by organising an annual Cooperative Family Day for its members and their societies.

**Statistical Progress Of Co-operatives in Singapore
After the 1st Co-op Ministers' Conference in Sydney in 1990**

Type of Co-op	Number		Membership		Turnover	Total Assets		No of Persons Employed	
	1990	1995	1990	1995		1990	1995	1990	1995
Pri & Sec combined to void membership duplication									
Thrift & Loan	28	27	32,111	42,924		69,213,117	150,293,592		
Multi-Purpose	16	17	28,777	47,469		60,556,592	129,325,944		
Consumer	5	9	151,258	340,780		132,909,458	377,918,854		
Service	8	10	200	5,637		308,110,7	184,441,198		
Insurance	1	1	198,684	461,873		618,342,000	244,846,100		
Transport	1	0	6,005	0		64,658,491	0		
Medical	1	2	0	20,124		72,994,3	296,428,75		
Investment	1	1	0	0		91,605,0	42,051		
Housing	1	2	2,480	524		27,284,4	289,885		
School	3	8	164	528		91,040	404,440		
Apex	1	1	0	0		34,267,4	583,559		
Total	84	78	419,879	820,838		969,111,316	315,339,7396		

* *Not captured*

* *Estimated 10,000 co-operative employees (1996) on full and part-time basis*

Sri Lanka

Message of felicitations from Hon. Amarasiri Dodangoda Outgoing Chairman & Minister of Cooperatives, Provincial Councils, Local Government & Indigenous Medicine

Let me recall nostalgic memories of the previous congregation of the distinguished delegates of the International Cooperative Alliance in my motherland, Sri Lanka two years ago. The third meeting was held in Bandaranaike International Conference Hall in Colombo which signifies monumental services of our Great Leader, S.W.R.D. Bandaranaike.

I consider myself duty-bound to offer affectionate felicitations at the commencement of the succeeding session of the Ministers' Conference. I am now compelled to convey my cordial message of greetings through Secretary of the Ministry owing to political commitments which prevent me from leaving my country. I regret very much my inability to participate in proceedings of this important Conference. On behalf of the Government of Sri Lanka and its vibrant Cooperative Movement, it is my pleasure to greet everyone of the distinguished delegates with a very affectionate welcome. At the same time I very fervently wish that proceedings of the Conference meet with every success. I should express my gratitude to the International cooperative Alliance and its Regional Office for the excellent cooperation that they extended to me and my officials in conducting our activities with this measure of success. I am appreciative of un-remitting efforts of the concerned personalities in the other member countries in making the Chiangmai based Fourth Conference a grand success.

At the third Ministerial Conference held in Colombo, every one of the member-countries whole heartedly agreed to direct their energies towards achieving the broad based activities, namely in Government Cooperatives and future Ministers' Conferences and International Cooperatives.

I consider it relevant to mention that after the return of the Peoples' Alliance Government into power in 1994 under the leadership of Her Excellency Chandrika Bandaranaike Kumaratunga, I have, with the dedicated cooperation of the officials and other enthusiastic leaders in the sector, launched a programme to amend the cooperatives legal framework so as to enable members to exercise greater decision-making authority. The essence of legal reform that are contemplated in Sri Lanka aim to establish "A Cooperative as an autonomous association of persons united voluntarily to meet their common economic, social and

cultural needs and aspirations through a jointly-owned and democratically controlled enterprise" as set out in the definition of cooperatives. To wean the movement away from over-riding government restrictions and to restore democratic rights of the cooperative membership in conducting their affairs, are the corner stones on which Sri Lanka now aspires to establish a member-driven cooperative movement. I should state here that I have been singularly fortunate to have the assistance of a large number of eminent cooperators in Sri Lanka in successfully meeting the challenges that the movement is faced with.

As the outgoing chairman of the Asia and Pacific Ministers' Conference, I would like to express my rededication to promoting of a movement targeted at reducing the gap between the haves and the have-nots. The cooperative movement is the only means available to the poorest of the poor to lift themselves "out of their own boot straps" in building their economic base. It is my fervent belief that cooperative is the sole generator which would energise upliftment at grassroots level.

With these comments, I respectfully hand over office to the Hon. Shucheeep Hansaward, Minister of Agriculture and Cooperatives in Thailand. I sincerely wish that he achieves his goals and aspirations in realising the wellbeing of his country-men as well as those in other parts of the Asian Pacific Region. Thailand and Sri Lanka are linked to each other through the teachings of Gouthama, the Great Teacher. The history of both these countries bear ample testimony to mutual efforts which enabled them to preserve Buddha Sasana.

I take this opportunity to thank the International Cooperative Alliance and its organising committee, Hon. Shucheeep Hansaward, Minister of Agriculture and Cooperatives of Thailand for the warm invitation extended to me. At the same time I like to thank everyone of the members of the International Cooperative Alliance who are assembled here. Your unremitting cooperation enabled us to achieve what we can be proud of, during the last three years.

The Secretary of my Ministry Mr. N.A. Obadage, Mr. Lional Samarasinghe, Chairman of the National Cooperative Council, Mr. Kiriwandeniya, Chairman of the National Federation of Credit Cooperatives of Sri Lanka will deputise me at the Conference.

Finally, I wish Chiangmai Round Table and the Ministers in charge of Cooperatives who are present at this august gathering, who are responsible for policy formulation in the Cooperative Movement in our part of the world, every success in their endeavours.

Sri Lanka

**Mr. N.A. Obadage, Permanent Secretary, Ministry of
Cooperatives, Provincial Councils, Local Governments
and Indigenous Medicine**

Background

The ICA ROAP organised Regional Cooperative Ministers Conference which was first held at Sydney Australia in 1990, and subsequently at Jakarta in 1992, and Colombo 1994, had a common theme "Government-Cooperative Relationship" At the last Conference held in Sri Lanka in 1994, we saw the promulgation of the Colombo Declaration. The main feature of that Declaration was that : "In view of the positive impact of the last Cooperative Minister's Conferences in the Region shall continue meeting periodically to review the progress and problems of Cooperatives in the Region".

This paper is the nature of the actions taken or not taken by the government of Sri Lanka and movement since the last Asia Pacific Cooperative Minister's Conference held at Colombo in 1994.

As the President of the National Cooperative Council, the apex body of the movement responsible for the development of the movement in Sri Lanka; I am extremely privileged and honoured to present this paper to this distinguished gathering, outlining the actions pursued, since our last meeting at this level at the Colombo in 1994.

Government Policy

In 1994 the year the Cooperative Ministers Conference was held at Colombo saw a change in the political leadership of the country. Yet though the government changed, the basic policies pertaining to the macro-economy have not drastically changed. For instance, to revert from an open economic policy to a controlled one was not pursued.

The present government has shown a keen interest to see a liberated cooperative movement. It is of interest to note here that the present government, in its Election Manifesto had accepted and laid down activities to be followed to strengthen the cooperative movement. Specifically legislative changes envisaging granting a broader spectrum in the business sphere of the cooperative movement. The present government has also accepted the cooperative movement not merely as a channel for poverty alleviation programmes, but also as a vibrant vehicle for launching development programmes to overcome the encumbrances and challenges faced by an open market economy, where liberalization,

marketisation, privatisation and globalisation are the key watch words.

Changes in the Cooperative Law

Cooperative Law can be considered as one of the most powerful single factors influencing the character, role, strength, power and relations between the government and the movement of a country. In the past these laws had more of a restricting character, where the Registrar was the “Creator, the Preserver and the Destroyer of the cooperatives”.

In keeping with the recommendations of the three previous conferences which had aimed at making the cooperatives more members-oriented, democratic, positive progressive and in conformity with cooperative principles. I am pleased to state that the Hon. Minister in charge of cooperatives in Sri Lanka has given much attention towards redesigning the existing cooperative legislation to enable the cooperative movement to emerge as a dynamics self-reliant, autonomous and independent force answerable to its membership rather than to the Registrar or Political authorities.

A Committee was appointed, chaired by the former CCD & RCS and Director ICA ROAP, Mr. Rajaguru, to draft legislation on these lines and these draft proposals are now before the legal draftsman awaiting its final approval before presentation to Parliament to be made Law.

In his own words the Hon. Minister wanted “a member driven movement” to be in place, as he felt that a self-reliant, dynamic and accountable cooperatives could emerge through member driven movement. The reformulated cooperative principles, values and definition; being essential ingredients of the cooperative identify as adopted by the Manchester Congress of 1995 have been incorporated in the new legislation; since they aim at strengthening the basic character of cooperatives. As these conceptual ideologies were new dimensions and deviations, there had to be greater dialogue between the membership, cooperative leadership and the bureaucracy before acceptance. This was achieved through seminars, and meetings held at the field level. The total impact of the new piece of legislation; not an amended law; was to make the cooperatives an autonomous entity, able to make managerial decisions, to overcome the problems, encountered in an open economy.

Some of the salient features of the proposed Law is given below.

Salient Features of the Proposed cooperative law of Sri Lanka :

- 1) This is a new law and not an amendment.
- 2) New Principles of cooperation have been introduced in the law.
- 3) There are no provisions to register the unlimited liability societies, but only limited liability societies can be registered.

- 4) The committee members of the cooperatives should be goodstanding members (users).
- 5) The cooperative Department and the National Cooperative Council should provide necessary training prior to the registration.
- 6) There should be a two year pre cooperative period prior to the registration.
- 7) The interest or dividend for shares should be paid annually whether the society has earn profit or loss. It should be less then the Central Bank rate.
- 8) There are no provisions in the act to enact regulations by the minister.
- 9) If any person appointed as a Registrar/Commissioner of the Cooperative either he/she should undergone a two year training before the appointment.
- 10) If any inspection done by the Commissioner or Registrar, it should be done according to the request of the membership.
- 11) The annual audit of the society is not a responsibility of the Registrar, it should be the responsibility of the society.
- 12) The audit can be done by an accepted body (private or public).
- 13) The cooperative development fund should be controlled by a 3 member Board, The CCD & the Chairman NCC will be ex-officio members of this Board.
- 14) Joint ventures can be organised with other cooperative and private organizations.
- 15) Possessing or Disposal of Assets under Rs. 500,000 can be approved by the General body CCDs approval not necessary in this regard.

Cooperatives in Sri Lanka and the Socio-Economic Environment

Changes in the Socio-Economic environment in the region is happening at such a rapid pace that if the cooperatives are to survive, they can't rest satisfied with being the usual business. They must adjust themselves to fit into the environment.

A focal point of the last conference at Colombo in 1994 was "Cooperatives in the Market Oriented Economy..." This means invariably strengthening the competitiveness of cooperative in a competitive economy. It would involve structural changes, changes in law, HRD, creation of cooperative friendly environment for the development of cooperatives, creation of a new friendly dialogue between the cooperative sector and the government.

It is my great pleasure to state here that in Sri Lanka, there is a mutual understanding, appreciation between the Govt and the movement, of their respective roles towards socio-economic advancement. Besides recognising the cooperatives as a channel for implementing its poverty alleviation programmes, due recognition has been given to the movement to make it a vibrant vehicle for launching development programmes to overcome the challenges of an open market economy.

At this movement certain facilities have been extended by the Government to the cooperative movement, Exemption of cooperatives from the payment of stamp duties for transactions involving cooperatives providing concessions on payment of Business Turn over Tax, are a few examples of these positive steps. In addition, in the implementation of its Poverty Alleviation Programmes aimed at eradicating poverty, the cooperatives have been accepted by the government as one of its implementing channels.

Numerous soft-loans have been released from the cooperative development fund to the cooperative sector to strengthen the working capital base of MPCS.

Steps taken to Develop the Competitive Strength of Cooperatives

The cooperative movement in Sri Lanka has focused the attention to introduce the following activities to develop the competitive strength in the movement.

Since the Colombo Conference, the cooperative movement in Sri Lanka has taken meaningful steps to strengthen the financial position of the movement.

- a) Initial action to organize a cooperative Insurance Company and a Cooperative Bank under the Companies Act has been taken. This will remedy the financial problems in the cooperatives sector and this has paved the way for the cooperatives to expand their business operations. The financial requirements for business ventures can be met from their own resources.
- b) The management development programmes of the SLICM has shown progress in diversification of the activities of MPCS. Value added projects have been activated in 26 selected cooperatives. This may be considered as one of the innovative method adopted to meet the challenges of an open-market economy.
- c) Various activities are being implemented to promote productivity specially in agriculture business. The NCC has introduced two pilot projects in the dry zone to protect the fauna and flora of the country as well as to introduce organic farming in the rural sector. Organic Farming Training Centers and Farms have been set up.

- d) The involvement of Apex Cooperatives MARKFED & COPFED in the import-export business is another commendable feature.
- e) Promotion of joint-business ventures with the private sector is another new dimension of the cooperative movement. Such a joint-venture operation has been introduced in the business of salt production.
- f) The formation of a Cooperative Audit Federation at the apex level also helps to strengthen the financial structure of the cooperative movement.

Human Resource Development

The Colombo Declaration emphasised that "Human Resource Development shall get the highest priority for achieving qualitative improvements in the working of cooperatives. "Attention has been given in Sri Lanka to strengthen the management efficiency of at the MPCS level. Programmes have been implemented in selected MPCS through the SLICM, the SANASA Cooperative education program as well as the Education and Technical training programmes of the NCC and the School of Cooperation to develop managerial skills of the cooperatives and these can be looked upon as a starting point for the development of the human resource in the cooperative movement, as well as the remedial process for overcoming a critical feature of the cooperative movement. In addition, increased salary structures have been considered recently to contain the cooperative employee in the face of the threat of impending high labour turnover potential.

Follow-up of Manchester Recommendations

The ICA's statement of Cooperative Identity has been translated into vernacular languages and distributed by the NCC. Since the NCC has its own branch offices, it has been possible for this document to reach the grassroots.

The principles of cooperation as in 1995 have been incorporated in the proposed draft legislation which, if passed, may be the first piece of legislation to include the seven principles.

The community service principle of cooperation, has been used in Sri Lanka as the theme of the International Cooperative Day Celebrations in 1996. This has been further reinforced in action by the organisation of community service activities of varying order and levels. It has created eagerness as well enthusiasm to be thought provocative of the new Principle of cooperative enunciated in Manchester.

The Sri Lankan cooperative movement believes in cooperative values as very important. Since economic activity is the main thrust in

business, the economic values are considered firstly as the means of economic well being of the membership. The forward and backward linkages of cooperative economic activity are considered important to achieve the needed levels of economic well-being. The second value is the social-value of being a cooperator. The cooperative democracy, solidarity, mutual-help and trust etc, will have to be the cornerstones of this value. The cooperative membership becoming socially more responsible to the community is envisaged through the social values. The third-value appreciated by the movement is based on the ethical-values of cooperation. Equality, liberty, faithfulness, honesty etc. are the cornerstones of this value.

As follow-up of the Cooperative Ministers' Conference in 1994 the following situation is recorded as positive developments in Sri Lanka.

The following is a summary of the positive developments recorded in Sri Lanka as a follow-up of the Ministers Conference in 1994 :

1. The dialogue between the government and the cooperative movement has increased.
2. Certain facilitations have been made by the government (Eg. BTT and Stamp duty exemptions) to strengthen the economic competitiveness of cooperative.
3. The government as well as the Peoples Bank (State Bank) have been of great assistance towards cooperative education and training. The government had been extremely helpful to get assistance from multilateral and bilateral donors for this purpose.
4. From the Cooperative Development Fund, contribution in the form of soft loans have been granted to reinforce the working capital base of MPCs.
5. The government has been responsible for environment-friendly programmes to be implemented through cooperatives.
6. The contribution by cooperatives for poverty alleviation as well for social integration have been continuing.
7. The government at the centre and provinces has been indulging in positive consultation although occasional conflicts have been recorded.
8. The schools cooperative society program has been pursued with vigour, while the University cooperative programmes have commenced.
9. Cooperative law making process is on to develop a more member-driven legislation which has been discussed at length by the cooperators, bureaucrats, politicians etc. The attempt

has been to develop a self-reliant, independent cooperative legislation.

10. Gender sensitization activities have commenced, specially to develop the role which should be played by women members.

The gender integration has been also given prominence as a development device. A series of programmes have been conducted at the institutional level and field levels. The National Cooperative Council and SANASA have prepared separate manuals for us in the conduct of gender programmes.

Suggestions for the Ministers' Conference 1997

There are two suggestions which we would wish to make :

1. Since new innovations in cooperative business have to be evolved to have a competitive business, have a competitive edge, it is proposed that the expertise available in the countries of the Region has to be made available when required by cooperative organizations, specially, in case of less developed countries, to "buy" such services becomes difficult and expensive. This is applicable in case of technical know-how, such as required in banking, insurance, hightech processing etc. Therefore, the Ministers' Conference 1997 may discuss this issue and find a solution, either by creation of a fund for which developed country movements should contribute in the main or by the creation of a roster of experts who can be made available whenever required.
2. Due to privatization efforts of government in the Region, opportunities have emerged to enable cooperatives to participate in certain activities which have been the forte of the private sector all throughout. Banking, Insurance, consultancies etc can be quoted as examples. Specially for Banking and Insurance, always the government authorities have been insisting on a large sum of money to be initially invested as seed capital. Since there is undercurrents cooperative transact big in banking and insurance, there will be invariable resistance from the private sector institutions for this type of proposal. Therefore, the donors and well wishers of cooperatives should be requested by the Ministers by way of a resolution to pay extra attention in support when necessary by way of lending or collaboration or reinsurance or corresponding banking activities or granting technical expertise. Further, countries, which have developed systems should be generous to be inter cooperative in action in addition to be so in spirit. This is required, since, otherwise, the cooperative organizations may become secondary institution.

Conclusion

In conclusion, I must say that since 1990, when the first Conference was held, the cooperative movement in Sri Lanka has undergone numerous changes, from being a highly bureaucratically centered organisation it has emerged, though, gradually, to be an autonomous, self-reliant, force. Perhaps at our next meeting, we the Sri Lanka delegates will be better positioned to give a more positive picture of the movement in our country. Our hope is for a society built on cooperative strength.

Thailand

Hon'ble Sampao Prachuabmoh, Deputy Minister of Agriculture and Cooperatives

It is indeed a great honour for me to be the leader of the Thai delegate to attend the fourth Asia-Pacific Cooperative Ministers Conference and, once again, welcome to all Hon'ble Ministers and distinguished delegates.

The Sydney, Jakarta and Colombo Conferences as well as this fourth one are emphasized on the enhancement of the government and cooperative collaboration for developing cooperatives in each country in this region to increase their efficiency in business operation, to have direction in strengthening the cooperatives and be able to develop themselves to keep pace with the dynamic changing socio-economic conditions. I believe that we are gathering here to look forward to achieving the success in developing our cooperatives. However, because of the differences in socio-economic conditions, the results of the deliberation in each country are not the same. Therefore, it is the good opportunity that we are here to exchange our experiences and ideas to further develop our cooperatives.

At present, the cooperatives in Thailand are categorized into six types, namely agricultural, land settlement, fisheries, thrift and credit, consumer and services. The total number is 5,207, with the membership of 7.3 million persons/households.

As for the cooperative development in Thailand, the government has recognized the significance of cooperatives to the socio-economic development of the country. The government, therefore, collaborates closely with the cooperative movement and has set the strategy in developing cooperatives in three areas as follows:-

1. competitive strength
2. natural resources conservation and sustainable development
3. human resource development, including agricultural institution

The government, by the Cooperative Promotion Department, has set the guidelines for officers to make decisions in strengthening the cooperatives to be business organization of members, taking roles in production, quality improvement for agricultural products and marketing system development which will help increase members' income and improve quality of life of members. The guidelines are set for the following fields :

1. Increase production and quality improvement, to meet the market demand without destroying the environment and natural resources.
2. Cooperative marketing system development, to enable cooperatives to operate their cooperatives with competitive strength.
3. Cooperative management development, emphasizing on integrated business development which will help increase members' income and better their quality of life.
4. Supporting cooperatives to play role in women and youth development in order to create awareness of group effort in implementing income generating activities to increase family income and improve their quality of life.
5. Human resource development, to educate cooperative personnel, i.e. members, directors, and management staff and the government officials to have better vision and common understanding in developing the cooperatives.

According to the recommendations from the Colombo Conference, it was suggested for cooperatives to improve efficiency of business operations. Concerning this, the Royal Thai Government has launched the Project of Establishment of the Cooperative Central Market at sub-district level. This project will provide the meeting places for cooperative members, as the sellers, and the traders to agree on prices. Members participated in this project mostly get better price together with lowered marketing expenses. This project can help solve the problem of low agricultural prices and establish standard marketing system. Besides, the Government supports the joint ventures between cooperatives and private sectors in many activities, such as producing toys for export, exporting fruits and cooperate with State enterprise in setting up petrol station.

As you are aware, it is now the time of information technology. The Government realizes the necessary of information in developing cooperatives. Therefore, the Cooperative Promotion Department, with the support from the FAO, jointly implemented the Micro-Banker Project aiming at improving the credit business operation of the cooperatives. The Cooperative Promotion Department itself has been implementing the Project on Information System Development. The objectives are to systemize the cooperative data processing, to set up the network between the Department and concerned agencies and to support cooperatives to fully utilize the economic information for their business operations. It is believed that this project will help increase competitive strength for cooperatives to compete with private sector.

At the Colombo Conference, the Thai delegate reported about the

long endeavour of the cooperative movement and the government to establish an insurance company owned by the cooperative movement. I am very pleased to inform you that the Saha Life Insurance, Co. has been operating since April 1995. It is hoped that the over all financial situation of the cooperative movement will be strengthened.

Another development that should be mentioned here is that the Cooperative Promotion Department is working on the establishment of the cooperative bank. This bank is expected to be the financial centre for the cooperative movement supporting all types of cooperative with the following functions :

1. to stabilize and strengthen financial system of the cooperative movement
2. to develop financial activities of the cooperative movement, and
3. to be technical and financial centre for the cooperative movement

The Hannes Seidel Foundation of Germany supported this project by conducting a preliminary feasibility study. Later on, the Cooperative Promotion Department appointed the Industrial Finance Corporation of Thailand to conduct the comprehensive feasibility study which will be finished by 31st May 1997.

In conclusion, the Royal Thai Government and the cooperative movement are working closely for cooperative development. I believe that with the close collaboration between the government and the movement in enhancing the efficiency in business operation together with the human resource development, the cooperatives can survive and achieve success through the dynamic changing socio-economic conditions. The cooperatives must be ready to face with the diversified and complex business system with competitive strength, be able to compete with private sector and can render better services to members. I am confident that for those who are well prepared, success can be assured.

Tonga

**Hon'ble Herris J. William
Permanent Secretary, Ministry of Labour, Commerce,
Industries and Cooperatives**

It is with honour that I present this country paper, representing the Cooperatives and His Majesty's Government of the Kingdom of Tonga. In doing so I would be remiss in my responsibilities if I do not express my sincere gratitude to the Royal Thai Government for hosting this Fourth Cooperative Ministers' Conference and the International Cooperative Alliance for its considerable participation and coordination in organizing this auspicious conference. We are in considerable debt to your gracious hospitality and the effectiveness of your organization.

Historically, the cooperative movement in Tonga is relatively new. Be that as it may, Tonga has fully espoused the substance and spirit of cooperative values. To highlight this point please be advised that the Government of the Kingdom of Tonga not only approved legislation to officially authorize the establishment of the cooperative movement, but it also established a Cooperative Department to provide the necessary extension services to the cooperatives in the private sector. His majesty's Government has designated that the private sector will provide the vehicle for national economic development. Cooperatives are a significant component of private sector development. Therefore, Government is mandated by law to provide extension services to cooperatives.

From its inception, in the early 1970's we now have cooperatives in all the main sectors of national, economic development, from wholesaling to retailing, from primary agriculture and marine production to marketing, from handicrafts to credit banking, it is with pride that I state that in 10 years from its inception one such cooperative, Tonga Cooperative Federation, has established itself as Tonga's biggest importer and wholesaler, with considerable impact on the national economy, not only in terms of dividends to its members but also in terms of taxes and tariffs to His Majesty's Government.

In a developing country we have determined that no other commercial milieu can involve people, lacking equity capital, into the mainstream of economic development better than cooperatives. It is for this reason that His Majesty's Government is so supportive of cooperative development. It allows people, who normally would not have had the means, to be intrinsically involved in commercial development. By involving citizens, previously dormant in commerce, it not only creates a more affluent society, but a society which can better contribute to

national development. In a country of only 100,000 people, the participation of 3000 cooperators provides a significant impact on the national economy.

This impact is not only a matter of economics, it is a process of taking charge. Development has many definitions. But the best definition I know is that development is a process of a person taking charge of the environment of his or her life, to increase self-sustainability, to increase self-help, and self-reliance. Surely this is a basic cooperative value.

I read the report of the Manchester Congress and I am thrilled by the endeavour to ensure the integrity of cooperative values. We in Tonga embrace such values and pursue the vision of these values.

Ultimately, the greatest resource we have in cooperative development is the people who are involved in cooperatives. But the productivity of cooperators is integrally linked to the level of their training and education. The resolutions from the *Regional Consultation on Cooperatives in a Changing Socio-Economic Environment in the Asia-Pacific Region* held in Yangon, December 1996, include the above concerns for the deliberation of this august body. It was submitted because of the great concern for training and education. The concerns of Tonga is that in the consideration of training and education as well as the other resolutions tabled before this auspicious body that the Pacific members be participatory in the implementation of resulting services. Because of the distance of the Pacific participants from their Asian cooperators the melody of the old tune comes readily to mind, "out of sight out of mind". It is so important that we have a shared vision on accepted principles. The fulfillment of our common goals can only be achieved by strengthening the less strong, by sharing common resources. Shared visions without shared common resources is to mitigate cooperative values. We, therefore, from the Pacific request that when you deliberate on the Resolutions tabled before you that this word permeates the cooperatives consciousness. The Pacific the Pacific, the Pacific. You are so many, we are so few.

Vietnam

**Hon'ble Professor Ngo The Dan,
Vice-minister of Agriculture and Rural Development**

Agriculture and rural development is a great issue in the process of socio-economic development of Vietnam, a country with over eighty percent of its population living in rural areas. Therefore, in the past few years, the Government of Vietnam has been placing high priority for agriculture and rural development. Agriculture is always considered as "the most important front and the process of 'renewal' in Vietnam started from this economic sector. Land has been allocated to households for their use and they are totally entitled to decide which crops will be planted in their area; prices are regulated by the markets and getting closer to the international prices. Those important change in combination with other adjustments in the economy have resulted in a favourable environment which strongly encourages farmers to mobilise all the available sources for their production and also is the basic conditions for the sustainable and high growth rate of agriculture of Vietnam over the past 16 years with the annual average growth rate of 4.5 percent.

Thanks to the development of agriculture, Vietnam no longer suffers from food deficit, but can export a large amount of rice and other agro-products, creating important precondition for the country to further develop in a new era-industrialization and modernization.

Currently, Vietnam is facing with great challengers to maintain its high and sustainable growth rate in agriculture in particular and in rural economics in general, simultaneously to develop rural culture and society, and to protect and improve rural development. During this process, a cooperative is an appropriate form for farmers to mobilize resources to overcome starvation and to develop economy. However, promotion of cooperative movement in Vietnam requires to implement under the new guideline suitable to market-oriented economy.

In order to provide cooperatives with support in transition to market-oriented economy, National Assembly of the Socialist Republic of Vietnam, ninth legislature, the ninth session, date 20 March, 1996 approved Law on Cooperatives. This law has been valid since 1 January, 1997. This is the first time that Vietnam makes public Law on Cooperatives. Following that document, in 1997 the Government has promulgated documents that specifically regulate implementing the Law on Cooperatives such as Governmental decision on "tasks, authority and responsibility on state management of ministers, agencies under control of the Government, People's Committees at levels to cooperative"; "Policy

for stimulating cooperative development”; “change, registration of cooperative and organization of activities of union of cooperatives”. In the coming period the Government will continue to promulgate Governmental decision on “agricultural cooperative standard rules”. According to the Cooperative law, a cooperative is a self-governing organisation established in accordance with provisions of law by labourers who share common need and interests, and volunteers to contribute capital and labour to bring into play the strength of collective and of individual cooperative members so as to assist one another in carrying out more efficiently production, business and service activities and improving their living conditions. Thus contributing to the national economics and social development.

Therefore, the new cooperatives set up under the law on cooperative will be really self-governing and independent of cooperative members and be different from former cooperatives established in the previous centralized planned mechanism. New cooperatives will contribute to encouraging dynamism of farmers, to fully use potential available in rural area for socio-economic development and improvement of living standard of cooperative members themselves.

The law clearly determines authority, function and task of cooperatives; organizational principles, organization and activities of cooperatives; issues related to registration of cooperative; Congress of cooperative member; the rights and obligations of cooperative member, asset and fund of cooperative. The documents in which stipulations for implementation of Cooperative Law are specific clarifies function and tasks of state management agencies at levels to cooperative; Government policies to encourage development of cooperatives such as policy for land rental and reduction of land rent.; policy on tax exemption; policy on loan; policy for training cooperative; policy on export and import and joint venture in consumption of products; policy on social insurance. These documents also specifically stipulate former cooperatives established in the centralized economic management mechanism to new cooperatives registered under the Cooperative Law.

In the coming years, the Government of Vietnam will stimulate and provide facilities for the established cooperatives to make change to cooperatives running under the Law and will encourage development of variety of new economic cooperation of farmers in rural areas. In order to achieve this objective, the following are planned to implement:

- Continue to improve legal documents on cooperative; ministries and involved sectors will develop and provide cooperatives with introductions in the field of themselves on implementation of cooperative law.
- Organize information, education and communication on idea

and contents of law on cooperative for officials at levels, officers involved in movement of cooperative development, officers in charge of management of cooperative, cooperative members and persons who will become cooperative members.

- Support involved officials in the system of state management agencies and officers for cooperatives.
- Provide support in establishment of new cooperatives in different areas and localities so as other localities would learn their experience. The experience of the model cooperatives will also help improve Government policies for cooperatives.
- Reinforce activities on international cooperation with concerned agencies and in-and out-region and organizations through programmes on cooperative to share and learn experience in development of cooperative in particular agricultural multi-form cooperative of farmers.
- For the period of 1996-2000, the major objectives of Vietnam on rural development include: to steadily resolve national food security; to develop diversified rural economy with annual growth rate at 4.5-4.7 percent; to increase double farmer income in comparison with 1993; to have twenty percent of the number of poor households; to limit the growth speed of disparity on living standard in rural areas and between rural and urban areas; to develop rural infrastructure; to strengthen protection of natural resources with a particular emphasis on land, forest and to improve rural environment.

Strong development of cooperatives and multi-form economic cooperation models of farmers is important dynamic contributing to implementating the above mentioned objectives on rural socio-economic development. In order to achieve those development objectives, Vietnam needs appropriate stratagems and policies to use full of available resources of the country. Vietnam also need active cooperation and support from other countries in the Pacific Ocean - Asian region and international communities in general. Recently, the Government of Vietnam, directly represented by Ministry of Agriculture and Rural Development has made great efforts in this direction.

On this occasion, on behalf of Minister of Agriculture and Rural Development of Vietnam, I would like to express my thank to Ministry of Agriculture and Cooperatives of Thailand, Union of International Cooperatives of the Pacific Ocean-Asian region who have provided an opportunity for us to participate in this conference.

Vietnam

**Dr. Nguyen Ty, Vice President of Vietnam
Cooperatives Union (VCU)**

Firstly, on behalf of leading board of Vietnam Cooperatives, Union, on behalf of Vietnamese Cooperative Members and Vietnamese delegation, allow me extend our thanks to ICA ROAP for the invitation to us attending this conference. I wish the leaders of ICA ROAP and all delegates representing international and cooperative organizations from other countries good health and happiness, and wish great success to the Conference.

Since 1988, Vietnam has become a member of the International Cooperative Alliance. Since then, with effective cooperation and assistance from ICA; ICA ROAP, cooperative movement of Vietnam has been developing significantly accordingly with the renovation in our country in the last ten years. In March 1996, National Assembly of the Socialist Republic of Vietnam approved Law on Cooperatives, which has been effective since 1/1/1997. This is an important legal basis for every activity of the Cooperative movement of Vietnam. The Government of Vietnam has just issued enactments in order to concretize the implementation of the Law on Cooperatives, create favourable conditions for the powerful development of Cooperative movement in Vietnam. Up to now, Cooperative movement of Vietnam has overcome crisis period and is moving to the new period of developing.

There are 25,000 cooperatives in all over country of all types as agriculture, small-handicraft, trading, service, transportation, construction, credit, aquatic, . . . etc. cooperatives. Many cooperatives have been reorganized and have effectively operated, significantly contribute to developing the values of cooperatives, implementing cooperatives principles, job settlement, eliminate hunger and reduce poverty, especially in rural areas. At present, the relationship between Cooperative movement of Vietnam and that of other countries has been opening and developing day by day. In such situation, Vietnam Cooperative Union is making every effort in order implement successfully its two main functions: representing and supporting the Vietnam Cooperative movement.

However, we are still facing many difficulties, especially short of experience, and management skill.

We hope that at this important Conference, we, delegates from various countries, will have a chance to discuss in order to find out the orientation and long term solutions for the development of the cooperative movement, internally and internationally.

ACCU

**Mr. Ranjith Hettiarachchi,
General Manager**

I have the honour and pleasure bringing the greetings on behalf of the President, Board of Directors, and the members of Asian Confederation of Credit Unions. We thank for the invitation to attend the meeting and organizing very high level Ministers' Conference every three years to discuss issues related to Cooperatives in Asia. Prior to the meeting I have requested from our members their current issues and problems to present in this meeting. My presentation will have three parts :

1. Introduction of Asian Confederation of Credit Unions
2. Credit Union Promotional role in Asia
3. The current changing environment effect to Credit Union

The Asian Confederation of Credit Unions (ACCU) was established April 28, 1971. It is now representing 15 Credit Cooperatives/Unions National organization from 13 Asian Countries in the Region and 4 Affiliate members promoting Credit Unions in Asia. There are more than 7.3 million individual members in the Asian Region affiliated to ACCU. The Asia region comprise of industrialization, rapidly growing as well as least develop country. I am proud to mention that ACCU has two members in Thailand, one is Credit Union League of Thailand and another one is Federation of Savings and Credit Cooperative in Thailand. Presidents of both these organisations are present in this meeting.

It is a fact and it is true that Credit Unions has not updated and changed their internal operational policies to build the institutional capacity to face the challenges in the financial market in 21st century. As the result of that, most South and Southeast Asian credit unions have been facing great difficulties in its operation to develop the services and products in consistent with market economy and cooperative philosophy and values.

The Credit Union is the first people's based organization dedicated for development through savings and credit. The savings and credit cooperative system started in Germany by Raiffeisen and Schulze Delitzsch. The credit union in Asia almost exist for more than 75 years. Credit unions should build its image as a community based financial institution. The question today, is that they have not developed appropriate policies and institutional capacity to be effective people's organization to provide competitive services to the members. In analyzing a changing socioeconomic faced by credit union it could be traced out in two

categories-internal and external.

The internal factors are:

1. Social orientation rather business orientation in credit unions
2. Low cost limited share capital
3. Interest rate on lending below market rate
4. Interest on savings are not competitive
5. Credit administration system is not based on demand
6. Financial disciplines are not strictly enforced
7. Human resources are not well business oriented and qualified

A changing socio-economic environment faced by credit unions make more difficult situation due to external environment. Thus, external environment could be explained as follows:

1. Existing liquidity from NGOs and financial institutions
2. Introducing financial institutions exclusively focused on poverty
3. Modern technology and facilities
4. Poor public image of credit unions

The ACCU mission is to promote and strengthen Credit Unions and similar cooperative financial organization so as to enable them fulfill their potential as effective instrument for socio-economic development of the people in Asia. We are very pleased to affiliate International Cooperative Alliance (ICA) to be a part of global cooperative community. ACCU has an affiliated to the global credit union movement through World Council of Credit unions (WOCCU) and also ACCU is member of International Raffeisen Union (IRU).

ACCU has been playing a vital role in Asia of Credit Cooperative Trade Association as well as development organization. The operational areas of ACCU covers 13 countries from Japan to Afghanistan characterized by diversity with respect to economic politic and culture. A part of its role in the coordination networking with credit and cooperative, ACCU is playing a key role in facilitating development program such as Technical Cooperation, Training and Education, Marketing and Credit Cooperative, Legislation, Technology Transfer and networking with parallel organization.

In compliance with Cooperative Minister Conference declaration of Colombo, ACCU has develop program to improve human capital in cooperative every level. The Human Resource Development of ACCU will have an impact not only increasing democratic participation but also economic participation. As a part of Human Resource Development, ACCU has conducted some National workshop to improve and develop

training curriculum in improving value based management system in Cooperative.

The goal of Credit Cooperative Union is to improve socioeconomic status of the members. ACCU development programs facilitate to member countries to launch micro financing programs. As you may aware that micro financing is the major program launch by Government, NGOs and Cooperatives. The Credit Union achievement is its micro financing program not on debt basis but on members savings basis. The micro finance program ensure and encourage Credit union to prepare long term development plan based on local savings. The savings is the first habit credit union teach for self help activities. It is the first lesson in home economy and family budgeting.

Credit Unions should not neglect the effects of the growing financial system rather it is a challenge that have to be faced. Those challenges are external and internal factors that should be battled squarely by the credit unions. The main thing that the management and leaders of the credit unions have to thought about is how credit unions can operate a sustainable business and create a voice and recognition in the financial market. Credit unions are not just to survive to maintain its operation but must operate to the fullest of its effectiveness and efficiency.

The Minister's Conference will focus the changing environment and its effect to the Cooperative Financing sector. I trust and believe that the recommendation of the Minister's Conference will address the issues concerning our Credit Cooperatives and Credit Unions.

COUNTRY STATEMENTS BY OTHERS

Brunei Darussalam

**Dato Paduka Awang Haji Danial Bin Haji Hanafiah
Permanent Secretary of Ministry of Industry
and Primary Resources**

I would like to record my sincere appreciation and thanks to the organiser, International Cooperative Alliance and the host country, the Government of Thailand for inviting us to this Conference in which we are indeed, honoured to participate.

To date Brunei Darussalam has participated in three out of four of these conferences. We believe these have so far generated considerable contribution to the development of cooperatives in Asia Pacific region and Brunei in particular. This international forum facilitates discussion among cooperative experts from international community, exchanging knowledge and experiences, to promote the development of cooperatives in the best possible way.

Cooperative movement could not survive and sustain within national level unless it is being coordinated with other economic activities. It has to strive eventually for self-reliance and to achieve that it has to be dynamic in articulating development programs.

In particular, the movement should be ready to adapt to impending changes brought about by the development in the global trading system. Many of our countries are members of international or regional organization such as WTO, APEC and ASEAN where trading among member economies would be liberalized - (ASEAN Free Trade Area by 2003, APEC developed economies by 2010, while for developing APEC economies to be achieved by 2020). When countries are becoming "borderless" cooperative movement in these countries has got to change in order to survive. Prosperous Cooperative movement in our country is conditioned to keep abreast with this new development and, therefore, prepared to meet those challenges.

In Brunei cooperative is considered as one of the main tools to foster our socio-economic goals. We encourage the formation of cooperatives to promote unity, which in turn, would mould our people to become responsible citizens. Furthermore, it also complement our effort in our economic diversification. For this reason the Cooperative Development Department which was previously under the Ministry of Home Affairs was merged with Brunei Industrial Development Authority, under the purview of the Minister of Industry and Primary Resources as of 1st

April 1996, almost a year ago. With this restructuring, the cooperative movement in the country will take a new turn to a more proactive and enhanced role. The Cooperative Development Division of Brunei Industrial Development Authority is charged with supervisory and guidance role, towards the development of productive cooperatives, by providing various kinds of incentive schemes and assistance, technical, managerial. We believe both the reorganization and the development programs of Cooperative Development function in our country, will better-equip our cooperatives to meet the challenges of the 21st Century.

In the past, the development of cooperatives in Brunei Darussalam was rather slow. They were mostly small in sizes, established in rural areas and essentially involved in limited business activities, such as retail, agriculture, fisheries, canteen and transportations. Factors contributing to this slow development are; passive attitude of members, lack of managerial and entrepreneurial skills of the management team, lack of confidence and competitiveness, and last but not least, the difficulty in raising capital for project start ups. In the next few years, we hope to be able to change the course of our cooperatives.

At present, we have registered 125 cooperatives with membership of about 14 thousands and with paid up capital of slightly more than 10 millions Brunei Dollars. The annual business turnover is about 29 millions Brunei Dollars. But it is important to note, that the number of relatively active establishments is still very small. Although our eventual goal, is to make all these cooperatives successful, the present strategy is to focus our effort in developing those active ones. We believe this is easier and more effective, and has far reaching impact. The successes of some to these cooperatives may be used to awaken and inspire the weaker ones. This does not mean that, the less active cooperatives would be neglected. Continuous counseling will still be extended to them.

We are happy to note that, lately, we begin to see some positive sign. Business interest of a few cooperatives has widened outside the traditional scope. Some of them have ventured into industrial activity. Nevertheless, our task is still by no mean complete. We gather through conferences of this sort, we could exchange our views and build on each other's experiences. We sincerely hope that this conference will benefit us all.

Nepal

Mr. Pradhumna Bikram Shah
Charge d' Affaires a.i. of the Royal Nepalese
Embassy, Bangkok

It is a great honour and pleasure to me to speak to this august body of distinguished delegates from the Asia-Pacific Region. First of all, let me express my sincere thanks to the International Cooperative Alliance ROAP and the host government of Kingdom of Thailand for inviting us to attend this conference to this city of scenic beauty, Chaingmai.

Nepal is a country of 17 percent terai plain and rest of the land is stretched with hills and mountains inhabited by the people both at sunny and shade elevations. The majority of the Nepalese families are engaged in farming and live in the rural areas. Due to topographical variation most parts of the hills and mountains are not connected with transport and communication networks. In many cases, people have to walk for days to reach to the district headquarters. The subsistence production prevails almost in all rural areas. There are a few spots of villages where farmers have been struggling to commercialise their agriculture pursuits.

However, there exist government service systems such as schools, health posts, agriculture extension centers, community development projects, rural infrastructure development activities, etc. in many parts of the country. International non-government organisations and NGOs have been playing a significant role to support people to generate income in different isolated locations. But there are none to bring these people's efforts together in larger framework of business and link them up with horizontal and vertical business relationships.

Of course, there is private sector in the country which is expected to set a drive in production and distribution. But in the case of very remote area it may take decades to reach and cover the people of these inaccessible and far flung parts of the country.

It is not that the places they dwell are without natural resources. Many brooks and streams feed water perennially to their lands. As the topography of the country rises up from 300 metre to 8848 metre, there are many micro-climatic zones which offer a range of agricultural and herbal production potential which, if managed in business manner, might bring in improvement in the living of the rural people. It reduces poverty, provides productive employment and empowers people.

Managing these disadvantaged, unorganized and weaker section of

the society and changing their traditional ways of seeking livelihood into a business orientation in the context of changing socio-economic environment is a challenging task. This is possible by the people themselves. Cooperative as a conceptual tool and operational scheme for development is more than an organization, business and management particularly in the context of Nepal. It has to deal with the member's value system and reshape their thinking and doing. Therefore, the government is playing a supportive role in making cooperative ventures more effective. The objective is to extend support to accelerate the social and economic development especially the deprived class of people through promotion and development of democratic cooperative societies/unions on people's own initiative with their needs and aspirations.

Trends of Cooperative Movement

Like many cooperative movements in different countries of Asia-Pacific region, Nepalese cooperative movement took shape and worked under the tutelage of the government for about four decades. The movement started with the idea of credit financing at its early years, and finally drifted into fertilizer selling business and marketing small quantity of agricultural product. It served as a tool of the government supply system which inhibited the creativity that was likely to come from within the cooperative movement. Cognizance to this fact, the government formed a National Cooperative Federation Advisory committee in 1990. The recommendations of the committee were quickly responded and a new Cooperative Act in 1992 was promulgated ensuring full autonomy to the cooperative movement.

Eventually of the enactment of the new Act witnessed a sharp rise of the number of the primary cooperatives with a wide range of objectives. Among many others, Dairy and Saving and Credit Cooperatives have noteworthy performances. Saving scheme of these cooperatives have about 310 million rupees and this fund has constantly been growing. Dairy cooperatives supply about 600 million litre of milk, which is about cent percent annual requirement of the Dairy Development Corporation. A district union of Dairy Cooperative has put up an animal feed industry and is planning to set up skim milk powder plant in collaboration with the private sector. Many other programme such as cereal crop production, fruit and vegetables and marketing cooperatives are in a position to attract their member's response. These cooperatives are looking ways for a wider business relationship and is expected to pave the way for amalgamation to make them more viable and stronger cooperatives in future.

Cooperative when moved away from government control are entering into an era of competition in Nepal. They are looking for professional employees and searching out the essentials needed for cooperative

pursuits. Cooperatives program structure reflects services designed for the members and the member's contribution vice-versa. In short, the members benefit has been the focal point of the cooperatives in Nepal and gradually the cooperatives have been changing from welfare organizations to economic organizations.

The Government and the movement

As mentioned above, it is easy to guess that cooperative movement in Nepal is passing through a transition period. The government, a few years ago, has correctly provided the responsibility of movement to its shoulder. Being still in infancy the movement has virtually no resources and support to act on its own. Government supportive role to give impetus to cooperative activities is imperative. However, we have jointly prepared a five year plan in order to accelerate the cooperative production and marketing activities. This plan stipulates to setting up cooperative marketing points in five different parts of the country where a horizontal and vertical marketing mechanism will facilitate the primary cooperatives to market their products. A market information system would be developed which would establish a matrix relationship with all level of cooperatives. National Cooperative Federation, an apex body of the national cooperative system, will take lead role to drive these activities and include all types of cooperatives covering most of the viably operating ones. With these activities, it is expected that a propellant mechanism would come up and agricultural, consumer and credit cooperative would grow substantially.

Furthermore, the government is thinking to prioritize some high value crops which can be produced through cooperatives in collaboration with private sectors in inaccessible areas. Additionally, there has been a search for the areas where cooperatives can undertake business activities successfully in the perspective of national development goals.

The government would provide support for the training activities needed for cooperative business management and technology required for this planned activities. The funds required to launch this program would partially be met by the government and the external assistance would be sought jointly by the government and the movement.

The Future

His Majesty's Government of Nepal seeks to achieve in the future that:

- a sound cooperative production and business management system would be developed.
- farmers would think in line of commercialization of agricul-

tural pursuits.

- cooperatives would be capable to fulfill the domestic need of agricultural production partially and be able to enter into regional and international trade.
- cooperatives would generate productive employment and help reduce poverty.
- cooperatives would, facilitate for equitable distribution thereby reducing income disparity, and
- cooperatives would work in complementary with the government to attain the national goal.

In conclusion, let me note down my high appreciation to the ICA for upholding the cause of cooperation. May I once again express my gratitude of being invited here in this esteemed conference and assure the organizer that His Majesty's Government of Nepal would extend its full support to materialize the recommendations made by this conference.

Nepal

Mr. Shanta Raj Sharma
Board Member and Managing Director,
National Cooperative Federation of Nepal

It is a great pleasure for me to have this opportunity to represent on this 4th Cooperative Ministers Conference on behalf of the cooperative movement of Nepal. I would like to extend my sincere thanks to the organisers/chairman for giving us this opportunity to express our opinion to this very important meeting. I would also like to extend our gratitude to the Minister of Agriculture and Cooperatives of Thailand His Excellency Shucheeep Hansward and Regional Director of ICA ROAP Mr. Robby Tulus for inviting us to attend this august gathering.

In the last six years, we have together initiated very worthwhile process of holding constructive dialogue on cooperative development and promotion at regional level organizing forums like this Ministers Conference. From Sydney in 1990, Jakarta in 1992, Colombo in 1994 and to this beautiful city of Chiangmai at present, the process of dialogue has created a momentum in bringing us together at different intervals to share our ideas and invaluable experiences to determine our priorities for the development of cooperatives. Importantly, the process has also made us feel to invite the cooperation among us to foster the cause of cooperatives in the interest of our people at large.

May I also like this opportunity to express our heartfelt thanks to the hosts, the Royal Thai Government and National Cooperative League of Thailand for the outstanding arrangements made for this important event as well as for warm hospitality extended to all of us.

As a chairman of National Cooperative Development Board, Mr. D.P. Baskota had attended the Jakarta Conference along with our Hon. Minister where he had committed to establish National apex organization. As per our commitment since long time, we were able to establish National Cooperative Federation and our representative had participated at the Colombo Conference as an observer.

Today we are here, as a full-fledged ICA member applicant and are happy to announce that now we are with large International family to promote the cooperative values. After being a new ICA member, we will be highly enthusiastic and are more hopeful to revitalize and run the cooperative movement in an organized and excellent manner in Nepal.

Background Situation of Nepalese Cooperative Movement

Cooperative movement in Nepal was initiated by the Nepalese

Government by establishing Cooperative Department back in 1953 followed by promoting Agriculture Credit Cooperatives in 1956. Ever since the Government had taken the policy of putting cooperative development programme under its direct control with which it succeeded to the organisational development and expansion. From the same period in each successive periodic plans, Cooperative Programme was included without cursive strategies to make it people demand based.

Government promulgated and established series of Cooperative Acts, Rules and by-laws as institutional building of cooperative department, primary and secondary unions were made under different Ministries like Agriculture, Land reform, and again Agriculture. It had direct control over the planning, organizing, administering, managing as well as restructuring the cooperative movement. In the different name at the different time like guided cooperative programme, integrated agricultural development programme or cooperatives for exploitation free society or whatever it may be, were introduced and implemented but they were ineffective on the people.

During the implementation period of 30 to 35 years, neither cooperative leaders were allowed to establish National Cooperative Organization nor Government took any initiative to establish it at least to represent the movement at National and International level. In this perspective, cooperative movement in Nepal remained only a hidden tool of the government for political interest until 1992.

Major icebreaking in cooperative movement in Nepal took place at that time when Cooperative Act 1992 was promulgated and road to establish National Cooperative Organization appeared. After that, on June 20, 1993, National Cooperative Federation of Nepal was voluntarily established by the then district cooperative union leaders and registered with the Department of Cooperative under the leadership of Mr. D.P. Baskota. Since then cooperative movement in Nepal has been operating under a three tier system i.e. Primaries, District and Specialized Central Unions and an apex organization, the NCF.

Following table shows the details of societies, secondary unions, and National apex:

Type	Total Coops Registered	Total Affiliates	Women Affiliates	Registered after the 1992 ACT
National Apex	1 (National Coop Fedn.)	(53 Unions, 5 Societies)	—	1
Central Unions	3 (Consumers, Dairy, Savings and Credit)	(200+550+222 Societies)	—	3

District Unions	72 (Including Single purpose Unions)	NA	-	39
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<i>Primary Societies</i>		<i>Total Members</i>	<i>Women Nos.</i>	
Agricultural Multipurpose	1622	9,71,141	77,173	792
Consumers	258	9,106	905	258
Dairies	661	27,228	1,856	661
Savings and Credit	343	16041	4,721	343
Others	248	18,895	3,568	134
Grand Total	3208	10,50,411	88,223	2231

Source: Department of Cooperatives

It is noted that a large number of primary societies, Secondary unions and apex organization, have been registered after the introduction of new Cooperative Acts 1992.

We realize from our experience, following issues, solutions and future prospects of cooperative exist in Nepal, through these matters may be similar to other countries.

Recent burning Issues and Problems

- * Cooperative is like a government concern without deep-root at people level
- * Low membership fee to derive considerable fund (Rs. 10 to Rs 100) (1\$ = Rs. 57)
- * Lack of shareholders participation and patronization in cooperative activities
- * Lack of awareness of cooperative concept and principles
- * Lack of proper organizational and management skills for institutional development and business creation
- * Unsustainable economic activities and short lives of established societies
- * Lack of concrete Govt. policy on cooperatives
- * Lack of market and coop. marketing system to benefit the members as well as the people at large
- * Negative effects of liberalization on cooperatives.

Proposed Solutions

- * Policy and planning support at local, regional and international level
- * Technical support at local, regional and international level
- * Management support at local, regional and international level
- * Training and development support at local, regional and international level
- * Financial support at local, regional and international level
- * Business support at local, regional and international level
- * Government backing
- * To be fit in privatized market economy
- * Formation of National Cooperative Bank
- * Huge involvement of women in cooperative
- * Strengthen secondary unions and apex organization with strong structural linkage.

Future prospect of the cooperatives

- * In Commercializing the agriculture, forestry and other informal activities
- * In establishing effective market system
- * In mobilizing savings and credit
- * In protecting the interest of consumers
- * In building the leadership and decision-making capacity of the members
- * In maintaining the balance and equitable growth of members and related people.
- * In raising socio-economic status of the country
- * In Infra-structural development
- * In maintaining the social integration and justice.

As we all know, cooperatives are by far the most outreach organizations that have the potentials for transforming the lives of the millions of the people through their cooperative efforts. Cooperatives are also instrumental in promoting democratic values, in conserving natural resources to maintain the environmental balance and in correcting the aberrations in market trends.

In our opinion, market oriented liberal economic policies, while having some transitional effects on cooperatives should not limit the

scope of the overall cooperative movement. Indeed the movement has more opportunities to grow and several roles to play in a changing socio-economic environment.

The recommendations made in last three ministerial conferences to support and develop cooperative sector have been to somewhat undermined and not implemented in some countries. Therefore, here I would like to draw Government's attention to back-up cooperative movement to execute these recommendations. Though it is autonomous body it has to avoid the full dependency on the government.

It is equally important to evaluate and re-examine the wide ranging declarations and recommendations of the previous three conferences to consolidate their revelations enroute to their effective implementation.

A best cooperative should be autonomous, self-reliant, people-based, having competitive strength to operate required business by providing considerable social facilities to the members. This kind of socio-economic enterprise can play an important bridging role between rich and poor and cooperative can survive in present day's changing economic environment.

STATEMENTS BY INTERNATIONAL ORGANISATIONS

AARRO

**Mr. Ahmed A. Khalil,
Secretary General**

It is my pleasure to be here for this important Conference to represent the Afro-Asian Rural Reconstruction Organisation (AARRO). At the outset I must extend my best thanks to the people and Govt. of Thailand for their warm welcome and hospitality and wishes to the Regional Director and other officials of ICA-ROAP who have made this memorable event possible. It has particular significance in context of Structural Adjustment Programmes (SAPs) initiated by many developing countries. The establishment of WTO and introduction of SAPs has a direct impact on the cooperatives in general and agricultural cooperatives in particular. Since the agricultural cooperatives constitute the majority of cooperatives, therefore, any adverse effect on farm sector will trigger the changes in the focus and management of agricultural cooperatives. In this background the role of apex cooperative organisations like ICA in the growth of cooperatives becomes more significant.

AARRO has had a long standing association with a number of international/regional organisations engaged in promoting the cooperatives. To understand the scope of activities of AARRO, a brief interlude here will not be out of place. AARRO was set up in the year 1962 in order to afford an opportunity to the countries of Africa and Asia to jointly discuss their problems, exchange views and experiences and to develop an understanding among its member countries for better appreciation of each other's problems. The objectives also aim at promoting welfare and eradication of hunger, poverty, illiteracy and disease from amongst the rural population. In keeping with the view that cooperatives are important development agents, especially in the rural areas, AARRO had taken a keen interest in promoting cooperatives in collaboration with various organisations such as International Cooperative Alliance (ICA), Central Union of Agricultural Cooperatives (JA ZENCHU), Japan and the Institute for the Development of the Agricultural Cooperatives in Asia (IDACA), Japan through training, seminar/workshop etc. AARRO in collaboration with JA ZENCHU has deputed Study Missions to thirteen AARRO member countries. The Study Missions studied the cooperative laws, structure, and functioning of agricultural cooperatives and suggested ways and means to strengthen them. To follow up the status and impact of the Mission's recommendations, AARRO in collaboration with Central Agricultural Cooperative Union (CACU), Egypt organised a Workshop during September 1994. AARRO is also regularly

organising RECA Seminar on 'Role of Agricultural Cooperatives in Rural Development with particular reference to Japanese Experiences'. These Seminars are being organised in collaboration with JA-ZENCHU at the Research and Education Centre of AARRO (RECA). So far nineteen RECA Seminars have been organised successfully.

The increasing application of information technology in management and its significance in decision making in the functioning of industrial enterprises induce new challenges for the management of cooperatives. To meet these challenges, the introduction of management information system in the cooperatives is the need of hour. To sensitize the cooperatives about information technology and its application, AARRO in collaboration with ILO-COOPNET Programme organised a Workshop on Role of Management Information System in Agricultural Cooperatives during May 1996 in Sri Lanka. These activities reflect the AARRO's concern for the development and promotion of cooperatives.

The cooperative sector in the Afro-Asian countries has emerged as a catalyst for sustained development, particularly in the rural areas. However, the role of cooperatives as a result of changing economic environment which is being sponsored by the globalisation of economy which comprises basically of liberalisation, de-regulation, privatisation and marketisation needs to be modified without disturbing the basic principle of cooperatives.

The Structural Adjustment Programmes are likely to seriously affect the functioning of agricultural cooperatives, their future role in the following ways:

- i) Financial subsidies/incentives and support to cooperatives/individual farmers would selectively and gradually cease.
- ii) The role, functions and powers of the cooperative department would be curtailed following the gradual shift towards the market economy.
- iii) With the introduction of different economic players in the market, the cooperatives would face increasing competition.
- iv) Withdrawal of government subsidies and capital grants would force the cooperatives to devise new ways of mobilising capital from both internal as well as external sources.
- v) Liberalisation and privatisation would create opportunities for cooperatives to enhance their range of activities and operations.
- vi) Large section of the communities which would be adversely affected by the reforms and changes will be compelled to organise themselves in small group or cooperatives to promote and safeguard their interest.

It is a fact that cooperatives in many countries are battling survival and find themselves unable to safeguard the interest of people who are likely to be adversely affected in the new environments. To achieve their goals in the changing environment, cooperatives will need to strategically restructuring themselves in accordance with the changes required.

The relevance of cooperatives, despite their weaknesses and limitations, fears and apprehensions arising from globalisation has been accepted universally. The challenges are how to restructuring the cooperatives to cope with the globalisation and diverse demands of their members which will keep their interest alive. I hope this Conference will serve as a forum to discuss all the relevant issues and will suggest a concrete action plan for cooperatives.

ILO

**Mr. Mark Levin,
Coopnet Program Coordinator**

The ILO Perspective

I have the honour and pleasure of conveying the fraternal greetings of the ILO. As you may know, the founders of the ILO and leaders of the international cooperative movement were convinced that democracy could best be practised in self-managed and self-controlled organizations. The first Director General of the ILO, Mr Albert Thomas was also an executive committee member of the International Cooperative Alliance and believed strongly that cooperative could contribute to promoting social justice, democracy and employment. The ICA enjoys a special observer status in the ILO, and both organizations collaborate closely in all aspects of cooperative development.

The subject of the 4th Asia-Pacific Conference of Cooperative Ministers is of great relevance to the ILO, an organisation that has always stressed the need to include a "social dimension" package into economic reform and structural adjustment programmes. We also believe that a globalized economy must be based upon a number of fundamental labour standards which the governments, employers and workers of every country must observe. One of these fundamental standards concerns the freedom of association and thus has a direct bearing on cooperatives. This is why the ILO Cooperative Branch has been involved in cooperative reforms programmes in many countries; we would like to share with you the lessons we have drawn from this experience.

The changing environment in which cooperatives in Asia and elsewhere are operating today is characterized by several elements that apply to almost every country no matter its location, history and government system:

- * The market economy has become the dominant economic system in the world; today, even centrally planned countries are introducing market reforms.
- * Economic reform or structural adjustment programmes are invariably promoting the privatization of the productive enterprises, the deregulation of the economic system, the globalization of the national economy and the withdrawal of the state.
- * Economic reforms are accelerating the democratization of political life and the decentralization of decision-making.

Economic reforms are being considered as indispensable to foster economic growth, control inflation, reduce budget imbalances and current account deficits, and beat unemployment. In the short term, however, the reforms have often brought even greater hardship to the poor; they destroyed local structures instead of "adjusting" them, and made national economies more vulnerable by exposing them too abruptly to global competition. Yet, it seems that no country can escape from such economic reforms, because no country can survive economically without adapting its local structures and systems to the global market economy.

For cooperatives, these changes have negative and positive impacts: On the one hand, cooperatives are losing state support and protection, on the other, they are gaining autonomy and independence. Economic liberalisation means more competition, which may result in declining market shares and shrinking surpluses; on the other hand, it allows cooperatives to enter new business fields and to gain new members. Economic reforms are facing cooperatives with threats, challenges and opportunities. How should they respond to them?

It is certainly necessary to professionalize cooperative management, to rationalize business operations, and to modernize the structures of cooperative societies and of the cooperative movement as a whole. However, the ILO believes that cooperatives must, at the same time, rediscover their original values which give them a comparative advantage over any other type of private business. It would be a mistake to sacrifice the cooperative identity in the pursuit of enhanced competitiveness. Cooperatives do not seek to increase an anonymous "shareholder value", but want to improve their services to members. Cooperatives do not swallow smaller competitors, but help smaller businesses to survive through cooperation. Horizontal and vertical integration is the cooperative movement's answer to "hostile takeovers", "outsourcing" and "franchising". By focusing on people and mobilizing self-help, cooperatives can fill the gaps left by the privatization of public services and facilities. Cooperatives show concern for the individual, the community and the society as a whole; they seek participation, not domination. This is capitalism with a human face in an economic system that is close to Manchester liberalism. If cooperatives manage to convince the public of these comparative advantages, they may play an even greater role in the new environment. Thus, the changing environment may actually cause the renewal of the cooperative idea in Asia and the Pacific.

This, however, requires several prerequisites. Governments must collaborate with social partners, cooperative movements and development partners with the aim of creating a conducive environment for cooperative development by:

- * Formulating a cooperative development policy that is clear, consistent, realistic, authoritative and valid for a long term. Such a policy

should be developed in partnership with the cooperative movement, and serve as a reference for cooperative members and a guideline for policy and lawmakers;

- * Promulgating a cooperative act that recognizes cooperatives as peoples' movements, includes the universal cooperative principles, clearly defines the relation between cooperatives and the state, and is flexible enough to satisfy different types of cooperatives;
- * Reforming cooperative administrations so that they limit their role to statutory functions and transfer technical responsibilities to the movement itself and to development partners.
- * Developing a comprehensive programme for the progressive privatization of essential cooperative support services such as human resource development, audit and management consultancy.

The ILO is prepared to help governments and movements in their efforts to carry out these reforms. With the help of donor countries such as Belgium, Denmark and Germany, we have designed a number of instruments that support our member states in modernizing the cooperative sector:

- * The COOPREFORM programme provides assistance in cooperative development policy, cooperative legislation and in the privatization of cooperative support services. It will soon bring out a manual for cooperative development policy makers and a checklist for cooperative law makers.
- * The COOPNET programme supports the efforts of cooperative movements and governments to modernize cooperative human resource development systems. The programme has published several manuals on modern personnel policies, management consultancy services and cooperative audit systems.
- * The INTERCOOP programme helps cooperatives to find new business partners and thus to participate in the global market. The programme has prepared an export manual for cooperative that will soon be available in English.
- * The new programme "Social Services Based on Mutuality" provides advice on how to apply cooperative principles in the social sector and thus to replace those social services that are no longer provided by the state in the context of structural adjustment. The programme has published a manual on the formation and management of mutual benefit groups.

We wish the Fourth Asia-Pacific Conference of Cooperative Ministers every success.

FAO

Mr. Soetatwo Hadiwigeno, Assistant Director General & Regional Representative for Asia and the Pacific

It is my pleasure and privilege to be invited as representative of the Food and Agriculture Organisation in the Asian and Pacific region to the fourth Asia Pacific Conference of Ministers on Cooperatives in a Changing Economic Environment, here in Chiangmai. We in FAO at Headquarters in Rome and at our Regional Office have been closely involved in regional and country level efforts of governments and cooperative organizations, in the identification and promotion of innovative cooperative entrepreneurial market oriented development approaches in response to the needs of the farmers, their communities and the agricultural sector at large, under conditions of dynamic transformation of the socio-economic conditions within the region.

As a result of growing dominant role of the private sector and international investment as engine of economic development complementary to public investment in most of the countries within the region "rules of the game" have changed for both governments and cooperatives. Ever increasing competition from international, national to local level in agricultural production, processing, services and trade put strong emphasis on vision and leadership in finding an answer which has to be local specific on one side and global on the other side. Under a new strategic environment, one may ask what is the future role of cooperatives? In FAO we look within the countries in our region at the agricultural and rural sector at large. Only if we can answer the question positively and identify the specific sector constraints and options, we can proceed to the next question "How should governments and cooperative organizations promote and collaborate in cooperative development."

If we look at cooperative development in more economically advanced regions we can see that there are many innovative cooperative development strategies, which resulted in revitalization of cooperatives as participants on the national and global markets. Some of these cooperative strategies are focused on further integration of agricultural commodity producers in the agri-industrial sectors, others are focused on specialization in horticultural and or small husbandry livestock products for dynamic urban and global consumer markets, while others are focusing on specialization in provision of "tailor made" delivery services to various cooperative sectors in rural areas. Similar developments are certainly going to take place or are taking place already within countries in the region.

Lessons can be learnt on what are the most successful cooperative development approaches and what are the criteria and basic elements for their replication. Government involvement and support is essential for cooperative development and will be so for the future. Policies and legislation have to guarantee the rule of law equal to all, to promote fairness also in the market place of very big and small participants. Cooperative law and policy should further promote freedom of association, development of autonomous movements of rural self-help organizations, recognizing informal and formally organized groups of producers, in particular women farmers and other disadvantaged people, providing for their registration supervision mainly to ensure sound business practices, accountability for public services and provision of financial incentives and integration in the market economy on the basis of their unique social community and value oriented character. Governments should not intervene in the internal organization and management of cooperatives on the basis of cooperative principles and values, as this has been proven over and over again to be counter productive.

The development of cooperative organizations is best undertaken by the members and prospective members themselves, with the assistance, if felt necessary, of facilitators or cooperative promoters familiar with the conditions and needs in the prevailing situations, coming from representative member organisations or specialised NGO's like the Cooperative Alliance (ICA) in collaboration with national cooperative development institutions, UN and bilateral donor agencies.

In the field of agricultural cooperative development FAO and the ICA are giving support to the Regional Network for the Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC). The members of NEDAC represent national governmental ministries, departments statutory bodies, government corporations and apex organizations in thirteen Asian and Pacific countries involved in policy, planning, regulating, training, research and other supporting functions to promote agricultural cooperative development. NEDAC members are promoting improvement of agricultural cooperatives through systematic interchange of information and experiences organizing workshops research and training activities and through technical and economical cooperation among cooperative organizations in the region covering policies, programmes, projects, techniques and approaches in agricultural cooperative development. A next regional workshop of NEDAC, supported by FAO, will be held from 21 to 25 in the Philippines on Strengthening Management and Development of Agricultural Cooperatives.

I wish to conclude with the strong support FAO is giving to the initiative taken to have regular meetings for cooperative ministers to look into current and coming cooperative development issues and related policies. The theme's selected for this meeting are highly appropriate and

most relevant to FAO's support to national governments in their cooperative development efforts within the region. The quality of the presented background papers and concrete proposals in the Resolution and Recommendations, provide a solid basis for discussion and consensus building about the joint Mission to fulfill by both Governments and Cooperative Organizations to develop a viable and sustainable cooperative community in a changing socio-economic environment.

CCA

**Mr. Micheal Casey,
Country Programme Director**

As an International Development Agency, CCA is presently active in 9 countries in Asia Region with cooperative development partnerships. CCA is also pro-actively involved as a member of the ICA, and has supported the process of the Government/Movement dialogue through the Cooperative Ministers conferences since 1990. The Canadian cooperative movement's support to this Government/Movement dialogue has been financial, technical and moral-reflecting the Canadian cooperatives' commitment to independent and strongly self-reliant cooperative movements everywhere, and commitment to cooperatives' rights and responsibilities of self-determination.

As an apex member, Canada is actively participating as a pacific partner. In the era of globalisation, Canada is looking more and more to the Asia Pacific as a regional partner for economic and commercial cooperation. The Canadian cooperative sector is becoming an increasingly active player in these initiatives. As you may be aware, in 1997, Canada will be the host country for the APEC summit meetings.

It is as an APEC member, and a member of the Asia-Pacific cooperative community, that we have the privilege and honour to share with you some recent innovations in the cooperative sector in Canada.

To address these topics, I am pleased to introduce a cooperative colleague from Canada, Mr. Orval Sorken. Mr. Sorken is the president of one of CCA's largest member organizations in Canada – The United Farmers of Alberta Cooperative. The UFA is an agriculture service cooperative of 95,000 members in Canada's western province of Alberta. Mr Sorken has been an active cooperative member of UFA for many years and has been president for the last four years. In addition to being a cooperative leader, Mr. Sorken is also an active farmer. It is my pleasure to ask Mr. Sorken to share with all of you some current issues from the Canadian Cooperative Movement.

Development International Desjardins (DID)

**Mr. Pierre Emond,
Vice-President, Programs**

It is an honour for me to attend this conference as responsible of technical cooperation programs at Development International Desjardins (DID). I had the opportunity to participate to the third Conference in Colombo and can testify for the professional involvement of the organizers who make successes out of these important events. Many thanks to the Thai and ICA team for having put us in so good conditions of work.

For more than 25 years now, with the Financial and Human Resources support of the Mouvement Des Caisses Desjardins Du Quebec and with programs of the Canadian International Development Agency (CIDA), our corporation has been working to promote and develop cooperative enterprises in several parts of the world (mainly in the financial field), through technical cooperation, technology transfer and, more recently and with modest means, financial participation.

I have been asked to speak about cooperative legislation and competitiveness. For the reason of time limitation, I will try to pinpoint my message on the matter at targeting States representatives preoccupations as well as cooperative ones. I will not therefore address the question through the scope of agriculture or agri-based cooperatives but more through the one of savings and credit cooperatives which are more in the field of my expertise. I want to focus your attention on the importance of a good regulatory framework on the one hand and, on the other hand, of new approaches in financial services for the low income population as means for increased competitiveness of financial cooperatives.

But first, some information on the Desjardins Group. In a nutshell, it is a vast integrated financial cooperative network, in Quebec, Canada. Founded at the beginning of the century by Mr. Alphonse Desjardins, the network has nowadays nearly 1,500 local cooperative units throughout Quebec and in the French-speaking communities of Ontario, Manitoba and New Brunswick, in Canada; cooperatives which are affiliated to 14 federations, themselves gathered in a confederation. Further, the group also includes a central liquidity fund corporation, a security fund facility as well as 20 specialized corporations, in the fields of: life and non-life insurance, industrial and commercial credit and investment, trust, securities discount brokerage, armoured car services, and credit and debit cards management. With assets of over 74 billion Can. \$ (Seventy-four billion Canadian Dollars) in its cooperative and corporate sectors, the Group reaches more than 5

million members, thanks to 19000 elected officers and 47000 employees.

The Mouvement Des Caisses Desjardins is a major social and economic force in today's Quebec. The size of this financial and human resources makes it not only the foremost financial institution in Quebec, but also the leading employer in the Quebec private sector. The Desjardins Group will surely continue to grow in the coming years, finding new ways to servicing his members with financial products appropriate to their needs. But financial products as well as other products and services are changing rapidly in Canada as in the rest of the world.

In the coming century, the focus of those socio-economic changes will mostly be in the Asia-Pacific region. This region, your region, will become the economic centre of the world where will live 60% of the inhabitants of the planet who will produce 50% of the products and services of the world. Before 2020, seven out of the ten most important economies of the world will be located in the Asia-Pacific region, where 40% of all the world trade will be done. By 2025, there will be 8.3 billions of people on earth instead of 5.8 today.

Now, the questions are: How many of those will take an acceptable part of the development process? What kind of products and services, for instance financial services, will be available to the low income population of our countries? Will the access be more easy and cost affordable to that population or will those people be excluded of this promising future? what will be the place of the financial cooperative networks in this new socio-economic environment?

As stated Mr. Pierre Pettigrew, our former International Cooperation Minister some months ago: [At the beginning of this new century, capitalism will be the sole economic development model because of his effectiveness and of the results obtained in regard of the economic growth and of the freedom acquired both on individual basis as well as collective. State-Nation power will diminish as market power will grow, with the possible result of a new kind of dictatorship, the one of the economy over politic life, cultural values and, if we do not care, over human dignity]. Those considerations have to be kept in mind, in a prospective approach, by the representatives of the states and the cooperative movements in the decision process of strategic choices that the evolution of the world will command in the coming years.

Financial intermediation in every country must be considered from several different points of view. More and more, it must be considered as being an integral part of the market economy, that is to say, in accordance to the supply and demand for savings and credit. This system tends towards a sustainable equilibrium between:

- 1) The demand for credit by economic operators and
- 2) The mobilization of internal and foreign savings necessary in order to ensure credit flow within the economy.

In areas that are either poorly serviced or not serviced at all by the so called modern financial sector, the offer by mutual or cooperative savings and credit organizations of viable and sustainable savings and credit proximity services within their community, constitutes, for the small-scale economic operators living in those areas, a sustainable alternative to the non-official systems - informal or traditional - and also to the modern financial system (commercial as well as parastatal) which is not easily accessible to them. The mobilization of people to such savings and credit organizations is a sine qua non condition for the mobilization of local savings towards any sustainable financial scheme developed within an economy - in rural as well as urban areas.

As Soedjono and Cordero pinpointed in their critical study on cooperative legislation and competitive strength, thrift and credit societies are the backbone of cooperative strength and are shining examples of true cooperative spirit in the Region. They have established a definite niche between traditional informal lenders and the formal banking system. However, the study raises three issues to be addressed:

- 1) Cooperative authorities and central banks are becoming concerned of inadequacies of existing cooperative and banking laws to cover the grey areas between the functioning of banks and credit societies which could unduly expose depositing public from potential abuses;
- 2) Credit societies are increasingly complaining of inflexibilities in coop laws that stifle their growth or limit their operating options that could redound to more services to members;
- 3) There is a creeping competition between credit societies and state banks especially in rural financial intermediation.

I would like to add a fourth issue:

- 4) There is an increasing implication of NGOs in the field of credit, particularly what is called the microcredit for the very low income strata of the population.

These new stakeholders have filled a gap, during the last ten years, for a part of the population considered as the poorest, self employed people, without any access to appropriate financial services. They usually have done so with external credit lines from international donors and, more recently, with soft loans from International Financial Institutions. Many of those experiences, based on the Grameen Bank model are debt based instead of saving based as are savings and credit cooperatives. But, they are now shifting to the concept of microfinance including savings deposit services in addition to the credit services in order to lower their dependency on external funds.

In a recent draft policy paper of CIDA on micro-enterprise develop-

ment, some of the current issues and challenges for the low income population of several countries were raised. I would like to bring some to your attention.

Among other things, the document stipulates: [experience indicates strongly that poor people everywhere have the motivation and the capacity to help themselves. they need structures, systems and institutions through which resources, advice and services become quickly, efficiently and broadly available]. From my point of view, cooperatives are born in that very context. As has said one of my Burkina Faso friend, cooperatives are born from poverty to serve the poor people. The interesting point is that this type of statement is now taken by the NGO and the donor community. Are we, as cooperative sector, loosing our place? The fact is that at present, fewer than two percent of the estimated 500 million poor people operating microenterprises have access to financial and business services on reasonable terms and conditions.

Here is another extract of that document: [Systems that perform well with high repayment rates were found to be those that relied on member savings for loan capital and which had a group's sense of ownership and accountability for their own financial performance. Those that rely primarily on donor and government supported funds for lending capital showed extremely poor financial performance with high default rates and lending costs. This focuses the attention to the importance of building sustainable institutions that will be there to serve the poor long after donor priorities have changed or government support has diminished for the microfinance sector]. In reading that part of the document, I felt that the authors were talking about financial cooperatives. In fact, for them, cooperatives are one type of institution among others able to deliver this kind of services but not the only one. One question is : will the cooperatives stay the best sustainable kind of institution to deliver efficient financial services to the low income people in the coming years? Another question is whether the new trend of financing microenterprises via NGOs is in fact promising or an experiment that has its share of problems. Providing formal or semi-formal financial services to poor people, especially in rural areas, is expensive and difficult and NGOs face the same harsh economic realities as other financial institutions.

[From a number of donors and IFIs point of view, states the document, one approach is, recognising the value of NGOs in microfinance, to collaborate with business NGOs networks in a process of institution-building which could aim, from the beginning, to transform some NGOs into real banks that, although efficient, are still socially oriented. The problem is to be sure of who will be the real owners of the institution after some years of activity. Another approach is to concentrate more efforts on reforming financial institutions into more efficient organisations to serve microenterprises. Instead of using NGOs, a much larger number of poor people

could be reached relatively quickly by developing the capacity of formal financial institutions such as savings and credit unions to offer microfinance services, may be in developing innovative partnership between NGOs finance programs and these institutions].

Issues of the coming years will be about evolving institutions, that is moving non-bank institutions into the financial system and moving the commercial banks into microfinance markets and services.

It will be, for the financial cooperative networks, to enlarge their membership base to serve more the low income people with more diversified and appropriate financial products. It will also be, for the Governments, about implementing effective external regulation and supervision of those leading institutions that will be taking in substantial local savings and investment capital.

Asean Cooperative Organization (ACO)

**Mr. J.K. Lumunon,
Secretary General**

The ASEAN Cooperative Organisation (ACO) has attended the Regional Consultation on Cooperatives in a Changing Socio-Economic Environment in the Asia and Pacific Region held in Yangon, Myanmar on 3-6 December 1996. The general impression was that the recommendations were actually the follow-ups of earlier consultations and Ministers Conferences, of Sydney (1990), Jakarta (1992) and Colombo (1994), that have been regularly attended by our representative.

May I herewith congratulate the ICA-ROAP for the systematic approach that has been exercised to ultimately come to these recommendations. We of the ASEAN Cooperative Organization has witnessed the activities of the expert team of ICA-ROAP visiting cooperative leaders and cooperatives in the field as well as Governments policy makers throughout our ASEAN Region to study the cooperative legislation and competitive strength; and we are utmost happy for the results whereas strengths and weaknesses were distinguished as well as innovative ways to advocate were suggested. We have also welcomed the symposium on Cooperative Banking and Financial Intermediation as well as the symposium on Agri-Business Cooperatives, since the results of these two symposia seem have been a fruitful source of the recommendations put forward to this honourable Fourth Ministerial Conference.

The Preamble of the recommendation, for example rightly distinguish that contemporary cooperative organizations should be perceived as only transient economic enterprises operating in a new socio-economic environment. This constation is becoming more important since we are approaching the coming 21st Century with its growing rapid socio-economic and cultural change and competition coming along with the free trade and investment policies as are already general agreed globally.

The Asean Cooperative Organization as a regional forum for the improvement of cooperatives in Asean Region, therefore, having in mind that representatives of Cooperative Movements and Government Departments dealing with cooperative development in the Asia Pacific Region (which include the ASEAN Region automatically), have participatively decided the recommendations forwarded to this 4th Asia Pacific Cooperative Ministers' Conference, herewith state the following :

1. Gesture The 4th Asia Pacific Cooperative Ministers Conference to fully agree and adopt the Recommendation of the Regional Consultation on "Cooperatives in a Changing Socio-Economic Environment

in the Asia-Pacific Region”, held in Myanmar, December 1996, and agree on follow-up steps thereof.

2. Gesture the Movements and Governments in the ASEAN Region to execute the practical implementation of the Cooperative Identity as adopted at the ICA Congress in Manchester, September 1995.
3. Appeal the Cooperative Movements and Governments in the ASEAN Region to work together in the spirit of cooperative brotherhood and Cooperative Identity towards the strengthening of the competitiveness of cooperatives in the free trade and investment environment while representing a unique model in competition for cooperation.
4. Appeal the ICA ROAP as to justify the presence of a Committee on Banking and Financing in the ICA ROAP Structure and to study and ultimately come to the result of the establishment of Cooperative Development Bank for Asia and the Pacific.

INAUGURAL SPEECHES

Welcome Address **by Hon'ble Shucheeep Hansaward** **Minister of Agriculture & Cooperatives**

On behalf of the Ministry of Agriculture and Cooperative and the cooperative movement of Thailand, I am very pleased to welcome the Ministers and senior representatives from various countries in the Asia-Pacific region, the representatives from cooperatives and international organizations, that have been providing technical assistance for furthering cooperative development to this conference.

It is the first time that Thailand has been given the honour to host the Cooperative Ministers Conference for Asia and Pacific which is the fourth of its kind. I myself and the people of Thailand are so proud to have this opportunity.

Thailand has been called "The land of smile". We, Thai people, are very proud of our cultural and traditional heritages handed down from generation to generation for over 700 years. Amidst the present trend of globalization, our deep rooted culture is still evident nationwide. Chiangmai, the venue of this meeting is the unique cradle of the Lanna culture and art. The city celebrated its 700th anniversary last year. As we are now gathering in this beautiful city of Chiangmai, I would like to take this opportunity to give you a brief introduction on it.

Situated in the north of Thailand, Chiangmai is the second largest city after the capital city-Bangkok. Tourism has been, at all times, the main industry that generates high revenue for this ancient city. Beautiful scenery and natural resources are the main tourist attractions as well as unique archeological sites and local handicrafts of various villages. Wood carvings, Sa-paper umbrella and silk are among the most popular souvenirs and artifacts. The Phuphing Palace, the Lanna palace of His Majesty the King is one of the most popular tourist attraction. The Songkran Festival, the celebration of the Thai New Year, never fails to attract thousands of visitors each year. Chiangmai also has several strong cooperatives which can really improve the living of their members.

During this meeting you will have a chance to visit the Huay Hongkrai Development Centre, a project under His Majesty the King's initiatives at Doi Saket to observe many interesting activities.

Finally, I hope that you will have all success in this meeting and a happy stay in this beautiful and friendly city of Chiangmai. On behalf of the Ministry of Agriculture and Cooperatives and the Thai cooperative movement, I would like to once again extend an official welcome to all distinguished participants to this meeting.

Inaugural Speech

by Hon'ble Sukavich Rangsitpol

Deputy Prime Minister & Minister of Education

On behalf of the Royal Thai Government and the people of Thailand I am very happy to have an opportunity to welcome the Hon'ble Ministers and senior representatives from various countries in the Asia-Pacific region as well as the representatives from the International Cooperative Alliance, cooperative leaders and all distinguished guests at this gathering to review progress made and to consider ways and means for future cooperation among cooperatives in this region, amidst the ever changing socio-economic trends at both regional and international levels.

The Royal Thai Government is well aware of the significant role played by the cooperative movement and has adopted it as a means to promote national development. The development plan based on the cooperative method is viewed as a deep-rooted approach with secured thriving towards the sustainable growth. A well developed cooperative system, suitable for the life style of all members, will accommodate their living from birth to death.

The past three bi-annual Cooperative Ministers meetings held in Australia, Indonesia and Sri Lanka respectively expressed definite determination of all participants to anxiously exchange ideas in setting up cooperative framework. This conference will certainly pave a way to highlight more concrete approaches.

We are now facing a new trends of socio-economic circumstances. Advanced communication technology, in particular Information Technology, has led to the new era of globalization and the new world orders of the borderless society.

Globalization has opened a new horizon for international economic activities, multinational investment and relocation of production facilities. The World Trade Organization has been founded along with establishment of various trading blocks and trade liberalization. Vigorous trade competition is increasing at a faster rate. At the community base, people in all countries have a rapid access to the world news via computer network and other media. Globalization brings along universal value such as democracy and human rights, gender equality and environmental protection. Now it has become a common goal to achieve economic prosperity while maintaining social and family institution of mankind and environmental balances as the ultimate measure towards sustainable integration between Man and Nature.

Private enterprises, in general, have come to tune with the on-going

changes for both survival and competitiveness. Without a clear direction, the cooperative will lack ability to successfully perform and function to safeguard its member's future. The cooperative determination to secure a better world through the balanced integration of economic growth, social responsibility and environmental protection will never be fulfilled.

The Royal Thai Government is well aware of the alarming threat and has adopted a firm policy to promote management efficiency of the cooperative movement. Article 43 under the Constitution of the Thai Kingdom allows for freedom to organize cooperative by all parties. Article 80 stipulates the role of the state in providing protection for cooperative system. In his policy statements delivered at the Parliament, Prime Minister General Chavalit Yongchaiyudh announced the Government policy to promote effectiveness in cooperative management through various support in the forms of fees exemption, tax-privileges, provision of required infrastructure and operational facilities, personnel development including amendments of laws and regulations. This is aimed to promote competitiveness to cope with the modern business circumstances.

Cooperative members need to draw a clear framework of functionality for the cooperative performance if the system is to be survived thrivingly. ICA should commit to create the cooperative spirit in this region to acquire community support from all nations. The cooperative movement needs to strengthen higher trading cooperation. The role of the Trade and Industry Committee established by ICA should be reviewed. We have until now witnessed emerging of various trading blocks and the formation of WTO. In the future I would like to see the setting up of Cooperative Trade Organization (CTO) as the trade forum of the cooperative movement.

The spirit of close cooperation among cooperatives in Asia and Pacific regions shall definitely bring along a happier future for the cooperative members and the society as a whole.

This conference has confirmed the readiness to move towards the better future as it provides opportunities among cooperative members to exchange positive ideas and contribution as well as working experiences gained from each respective country. I am certain it will enable you all to work with a better base for the brighter future of your beloved homeland and our regions.

On behalf of the Royal Thai Government, I would like to take this auspicious moment to announce the opening of the 4th Cooperative Ministers Conference for Asia-Pacific Region.

**Closing Address by
Hon'ble Prachuab Chaiyasarn
Minister of Foreign Affairs**

On behalf of the Royal Thai Government it is a great pleasure and honour for me to be here with you, Honourable Ministers and cooperators from various countries in Asia and the Pacific, as well as representatives of international organizations.

Today marks the end of the Fourth Cooperative Ministers Conference on "Cooperatives in a Changing Socio-economic Environment." I understand that you had your opening ceremony with our Deputy Prime Minister only four days ago. It has been short, but I am happy to know that in these few days you have reached many resolutions and recommendations for the development of cooperatives. It is also my understanding that the Conference has been a valuable experience for most of you.

I am sure that new as well as renewed friendships with fellow cooperators, and the sense of solidarity felt here, has also made it all worthwhile for you. It is my earnest hope that you will take back home ideas and knowledge that will be useful to benefit and further develop the cooperative movements in your respective countries.

I appreciate the fact that Thailand, and in particular Chiangmai, was chosen as the venue for your important gathering. We hope that you will bring home some pleasant memories of your short stay here. We, the people of Thailand, will certainly be very pleased if you could come back again for more visits. You will always be welcome!

Finally, thank you for having come, participated actively, and made this Conference truly meaningful for one another. I wish you all a pleasant and safe journey back home.

ANNEXURES

Programme

18th March 1997, Tuesday

Arrival of Hon'ble Ministers, Cooperative Leaders and Conference delegates in Chiangmai.

1500-1800 Registration of Participants

19th March 1997, Wednesday

1000-1100 Inaugural Session

- Welcome address by Hon'ble Shucheeep Hansaward, Minister of Agriculture and Cooperatives.
- Welcome and greetings from the Director-General of ICA, Mr. Bruce Thordarson.
- Welcome address by Mr. B.S. Vishwanathan, Chairman of ICA ROAP Executive Council.
- Greetings by ILO on behalf of International Organisations.
- Award presentation ceremony to Mr. G. K. Sharma.
- Report on the Conference by Regional Director of ICA ROAP, Mr. Robby Tulus.
- Inaugural address by His Excellency Sukavich Rangsitpol, Dy. Prime Minister of Thailand.

1100-1120 Official Opening of Cooperative Exhibition

1120-1200 Tea/Coffee Break

1200-1300 **Working Session-I**

Welcome address by the Chairman of Cooperative League of Thailand.

Agenda Item-1

Election of Conference Chairman

Agenda Item-2

Election of Drafting Committee

Agenda Item-3

Adoption of Conference Procedures and Conference Agenda

Agenda Item-4

Report from the ICA ROAP Secretariat on follow-up steps taken since the Third Conference held in Colombo 1994.

1300-1400 Lunch Break

1400-1430 Agenda Item-4 (contd.)

Working Session-II

1400-1445 "The Role of Cooperatives in Food Security" by Mr. Churll Hee Won.

1445-1530 "The Cooperative Scene in Asia & the Pacific - A Joint Statement by Member Organisations of ICA ROAP" by Mr. Robby Tulus.

1530-1600 Tea/Coffee Break

1600-1730 *Agenda Item-5*

"Review of Cooperative Development Situation in the Region in light of the Recommendations of the Third Conference held in Colombo 1994".

- Presentation of Country Statements (10 minutes each).

1830 Dinner/cultural show hosted by the Royal Thai Government at Westin Chiangmai Hotel.

20th March 1997, Thursday

Working Session-III

0900-1000 Presentation of Country Statements (contd.)

1000-1030 Tea/Coffee Break

1030-1230 Presentation of Country Statements (contd.)

1230-1400 Lunch Break

Working Session-IV

1400-1500 Presentation of Country Statements (contd.)

1500-1530 Tea/Coffee Break

1530-1730 Statements by International Organizations.

1830 Dinner hosted by the Cooperative League of Thailand and Cooperative Federations at Westin Chiangmai Hotel.

21st March 1997, Friday

Working Session-V

Agenda Item 6

- 0900-1030 Work Group on Recommendations 1 – ICA & Member Cooperatives.
 Work Group on Recommendations 2 – Government.
 Work Group on Recommendations 3 – Thematic Issues.
- 1030-1100 Tea/Coffee Break
- 1100-1230 Discussions on Work Group Results.
- 1230-1330 Lunch Break
 Drafting Committee in Session
- 1330-1700 Study Visits to Huai Hong Khrai Royal Development Study Center.
- 1830 Reception/cultural show hosted by the Bank for Agriculture and Agricultural Cooperatives at Westin Chiangmai Hotel.

22nd March 1997, Saturday

Working Session-VI

- 0900-1000 *Agenda Item-7*
 Adoption of Conference Conclusions and Recommendations.
- 1000-1030 Tea/Coffee Break
- 1030-1045 *Agenda Item-8*
 Consideration of venue and dates for the 5th Conference.
- 1045-1100 *Agenda Item-9*
 Vote of thanks to the hosts, participating countries and International Organisations.
- 1100-1200 Closing Ceremony
- Afternoon Free time and departures.

List of Participants

- BRUNEI
- 01 Dato Paduka Haji Danial bin Haji Hanafiah
Permanent Secretary
Ministry of Industry and Primary Resources
Jalan Menteri Besar, Brunei Darussalam.
- 02 Haji Razali bin Mohd Yusof
Acting Director
Brunei Industrial Development Authority
Ministry of Industry and Primary Resources
Jalan Menteri Besar, Brunei Darussalam.
- 03 Haji Abd Ghaffar bin P.M Haji Naim
Accountant
Brunei Industrial Development Authority
Ministry of Industry and Primary Resources
Jalan Menteri Besar, Brunei Darussalam.
- CHINA
- 04 Hon'ble Mu Li
(on behalf of the Government of China)
Vice President (Vice Minister)
All China Federation of Supply and Marketing
Cooperatives (ACFSMC)
45, Fu Xing Men Nei Street,
Beijing-100801, China.
- 05 Mr. Yang Deshou
Vice President, Supervisory Committee,
ACFSMC, 45, Fu Xing Men Nei Street,
Beijing-100801, China.
- 06 Mr. Jiao Tianli
Director, International Coopn Department
ACFSMC, 45, Fu Xing Men Nei Street,
Beijing-100801, China.
- 07 Mr. Meng Zhuo
Division Chief
ACFSMC,
45, Fu Xing Men Nei Street,
Beijing-100801, China.

- 08 Mr. Rong Jun
Division Chief, International Coopn. Dept.
ACFSMC,
Fu Xing Men Nei Street,
Beijing-100801, China.
- 09 Mr. Wen Chunhui
Interpreter, International Cooperation Dept
ACFSMC,
45, Fu Xing Men Nei Street,
Beijing-100801, China.
- FIJI
- 10 Hon'ble Berenado Vunibobo
Minister for Finance & Economic
Development
P.O. Box 2212, Government Buildings, Suva, Fiji.
- 11 Mr. K.B. Matalau
Chairman, Fiji Cooperative Union Limited
Vanua House, 5th floor, P.O. Box 2356,
Government Buildings, Suva, Fiji.
- 12 Mr. S.R. Naiduki
Acting Registrar of Cooperatives
Cooperative Department
P.O. Box 2356, Government Buildings, Suva, Fiji.
- INDIA
- 13 Mr. B.S. Vishwanathan
President
National Cooperative Union of India
3, Siri Institutional Area, Khel Gaon Marg
New Delhi-110016, India.
- 14 Mr. J.P. Singh
Managing Director
National Coop Development Corporation
4, Siri Institutional Area,
New Delhi-110016, India.
- 15 Mr. B.D. Sharma
Chief Executive
National Cooperative Union of India
3, Siri Institutional Area, Khel Gaon Marg
New Delhi-110016, India.

- 16 Dr. S.S. Sisodia
Chairman
National Federation of Urban Coop Banks &
Credit Societies Ltd.
B-14, 3rd Floor, 'A' Block Shopping Complex
Naraina Vihar, Ring Road,
New Delhi 110 028, India
- 17 Mr. K. Sivadasan Nair
Chairman
National Coop Agriculture & Rural Development
Banks Federation
"Takshila" (2nd & 3rd floors),
Madhavdas Pasta Road, Near Chitra Cinema,
Dadar (East), Bombay-400014.
- 18 Mr. K.K. Ravindran
Officer on Special Duty
National Coop Agri. & Rural Development Banks
Federation
"Takshila" (2nd & 3rd floors),
Madhavdas Pasta Road, Near Chitra Cinema,
Dadar (East), Bombay-400014.
- 19 Mr. K. Srinivasa Gowda
Chairman
Krishak Bharati Cooperative Ltd.
A-10, Sector 1, Noida-201301, India.
- 20 Mr. S.C. Kulakshetra
Senior General Manager (P&A)
Krishak Bharati Cooperative Ltd.
A-10, Sector 1, Noida-201301, India.
- 21 Mr. Indu Bhushan
Executive Director (Personnel & Admn.)
Indian Farmers Fertiliser Cooperative Ltd.
34, Nehru Place, New Delhi-110019, India.
- 22 Mr. Gopal N. Saxena
Chief Manager (Coop Services)
IFFCO, 34, Nehru Place,
New Delhi-110019, India.

- 23 Mr. L.N. Suri
General Manager
Kendriya Bhandar
Pushpa Bhawan Madangir Road
New Delhi-110065, India.
- 24 Mr. Faiz Mohammad Khan
Manager
Shoe Makers Cooperative
9-B, Malipura, Bhopal (M.P). India.
- 25 Mr. D.P. Dubey
Managing Director
Handloom Apex Cooperative
Jabalpur (M.P), India.
- 26 Mr. Vithoba Dhakate
Manager
Regional Handloom Coop Federation
Saunsar (M.P.), India.
- 27 Mr. M.K. Saxena
Manager (Exports)
Handicraft Development Corporation Ltd.
HSVN, Bhopal (MP), India.
- INDONESIA 28 Prof Dr. Soeharto Prawirokusumo
Dy. Minister of Coops & Small Enterprises
Directorate General of Research & Development
Jl. HR Rasuma Said, Jakarta, Indonesia.
- 29 Mr. Mohamad Yahya Suryanegara
Chairman (Education and R&D)
Dewan Koperasi Indonesia (DEKOPIN)
Jl Let Jen S. Parman Kav. 80.
"Wisma Koperasi", Jakarta-11420,
Indonesia.
- 30 Mr. Ibnoe Soedjono
Advisor/Consultant
Perumahan Koperasi No.3
Jl. Prof. Supomo SH, Jakarta Selatan,
Indonesia.

- 31 Mr. Berbudi Tjokrowinoto
Secretary General
Dewan Koperasi Indonesia (DEKOPIN)
Jl Let Jen S. Parman Kav. 80.
"Wisma Koperasi",
Jakarta-11420, Indonesia.
- 32 Mr. Djabaruddin Djohan
Dewan Koperasi Indonesia (Dekopin)
Jl Let Jen S. Parman Kav. 80.
"Wisma Koperasi",
Jakarta-11420, Indonesia.
- 33 Dr. Muhammad Taufiq
Director of the Centre for Cooperative
Research & Development
Ministry of Coops & Small Enterprises
Development
Jl. HR Rasuma Said,
Jakarta, Indonesia.
- 34 Ms. Lene Ostergaard
Project Coordinator
Cooperative Centre Denmark
Jl. Cisata 193, Bandung-40142, Indonesia.
- IRAN
- 35 Hon'ble Gholam-Reza Shafei
Minister of Cooperatives
Ministry of Cooperatives
16, Bozorgmehr Street, Tehran, Iran.
- 36 Mr. Mohammad Jafar Dorudi
Counsellor
Embassy of Iran in Thailand
602 Sukhumit Road-10110, Bangkok.
- 37 Mr. Mohamad Reza Vezvaei
Minister's Consultant
Ministry of Cooperatives
16, Bozorgmehr Street, Tehran, Iran.
- 38 Mr. Mohamad Reza Motavassely
Senior Expert
Ministry of Cooperatives
16, Bozorgmehr Street, Tehran, Iran.

- 39 Mr. Mohamad Hossan Azimizadeh
 Managing Director,
 Teachers' Union Coop
 Ministry of Cooperatives
 # 16, Bozorgmehr Street, Tehran, Iran.
- ISRAEL
- 40 Hon'ble Amir Peretz
 Member of Parliament
 Head of Histadrut & Head of Central Coop
 Bet Hashoeva-174, Shderot, Israel.
- 41 Mr. Uri Seligmann
 Registrar of Cooperative Societies
 Ministry of Labour
 Mckor Haim 35, Jerusalem, Israel.
- 42 Dr. Yehuda Paz Ginguild
 ICA Board Member
 Kibbotz Kissufim,
 D.N. Negev-85130, Israel.
- 43 Mr. Menahem Izhak
 Chairman, Central Union of Cooperative
 Alupaz Zahal 46 Holon, Israel.
- JAPAN
- 44 Hon'ble Minao Hattori
 State Secretary for Agriculture,
 Forestry & Fisheries
 Ministry of Agriculture, Forestry & Fisheries
 1-2-1, Kasumigaseki, Chiyoda-ku,
 Tokyo, Japan.
- 45 Mr. Mutsutami Harada
 President
 Central Union of Agricultural Coops
 (JA-Zenchu)
 8-3, 1-chome, Otemachi,
 Chiyoda-ku, Tokyo-100, Japan.
- 46 Mr. Hisashi Tanaka
 Vice President
 Japanese Consumers Cooperative
 Union (JCCU)
 Seikyo-Kaikan, 4-1-13, Sendagaya,
 Shibuya-ku, Tokyo, Japan.

- 47 Mr. Hiroshi Kohno
Executive Director
Central Union of Agricultural Coops
8-3, 1-chome, Otemachi,
Chiyoda-ku, Tokyo-100, Japan.
- 48 Mr. Kaoru Katagiri
Secretary to the State Secretary
Ministry of Agriculture, Forestry & Fisheries
1-2-1, Kasumigaseki, Chiyoda-ku,
Tokyo, Japan.
- 49 Mr. Norio Sato
Director, Agricultural Coops Division
Economic Affairs Bureau
Ministry of Agriculture, Forestry & Fisheries
1-2-1, Kasumigaseki, Chiyoda-ku,
Tokyo, Japan.
- 50 Mr. Osamu Hirokawa
Deputy Director, Technical Cooperation Division,
Economic Affairs Bureau
Ministry of Agriculture, Forestry & Fisheries
1-2-1, Kasumigaseki, Chiyoda-ku,
Tokyo, Japan.
- 51 Mr. Akira Kurimoto
Manager, International Department
Japanese Consumers Cooperative Union
Seikyo-Kaikan, 4-1-13, Sendagaya,
Shibuya-ku, Tokyo, Japan.
- 52 Mr. Nobuyuki Kohashi
General Manager,
Agricultural Policy Department
Central Union of Agricultural Coops
8-3, 1-chome, Otemachi,
Chiyoda-ku, Tokyo-100, Japan.
- 53 Mr. Masahiro Matsuda
Manager, International Department
Central Union of Agricultural Coops
(JA-Zenchu)
8-3, 1-chome, Otemachi,
Chiyoda-ku, Tokyo-100, Japan.

- 54 Mr. Masahiro Higa
Secretary to President
Central Union of Agricultural Coops
(JA-Zenchu)
8-3, 1-chome, Otemachi,
Chiyoda-ku, Tokyo-100, Japan.
- 55 Mr. Mitsuhiro Maeda
Staff, International Department
Central Union of Agricultural Coops
8-3, 1-chome, Otemachi,
Chiyoda-ku, Tokyo-100, Japan.
- 56 Mr. Y. Nakaoka
Managing Director
The Institute for the Development of Agricultural
Cooperation in Asia (IDACA),
4771, Aihara-cho, Machida-shi
Tokyo 194-02, Japan.
- 57 Ms. Eiko Ohshita
Programme Coordinator
IDACA 4771, Aihara-cho, Machida-shi
Tokyo 194-02, Japan.
- 58 Mr. Ryuji Shimojo
First Secretary
Embassy of Japan in Thailand
1674 New Petchburi Road,
Bangkok, Thailand.
- JORDAN 59 Mr. Bassem G. Khatib
Director of Local Council
Ministry of Municipal & Rural Affairs and
Environment
P.O. Box 1454, Amman-11118,
Jordan.
- KOREA 60 Mr. Churll-Hee Won
Chairman and President
National Agricultural Cooperative Federation
75-1-ka, Chungjeong ro, Jung-ku
Seoul-100 707, Republic of Korea.

- 61 Mr. Shil-Kwan Lee
 Director General, International Coopn Office
 National Agricultural Coop Federation
 75-1-ka, Chungjeong ro,Jung-ku
 Seoul-100 707, Republic of Korea.
- 62 Mr. Tack-Ho Song
 Manager, International Cooperation Office
 National Agricultural Coop Federation
 75-1-ka, Chungjeong ro,Jung-ku
 Seoul-100 707, Republic of Korea.
- 63 Mr. Si-Hyung Jo
 Economist, International Cooperation Office
 National Agricultural Coop Federation
 75-1-ka, Chungjeong ro,Jung-ku
 Seoul-100 707, Republic of Korea.

KUWAIT

- 64 Hon'ble Khalied Al-Kileeb
 Minister of Social Affairs and Labour
 Ministry of Social Affairs and Labour
 P.O. Box 563, Safat-13006, Kuwait.
- 65 Mr. Mohamad Al-Kandari
 Under Secretary for Cooperative Affairs
 Ministry of Social Affairs and Labour
 P.O. Box 563, Safat-13006, Kuwait.
- 66 Mr. Al Jarki Mohammad Ali
 Manager
 Ministry of Social Affairs and Labour
 P.O. Box 563, Safat-13006, Kuwait.
- 67 Mr. Al-Awadi Farid
 General Manager
 Union of Consumer Cooperative Societies
 P.O.Box 1836, Sanaa Street,
 Safat 13019, Kuwait.
- 68 Mr. Ali Al-Mulla
 Chief of Public Relations
 Ministry of Social Affairs and Labour
 P.O. Box 563, Safat-13006, Kuwait.

- 69 Mr. Naser Yussef Abed Al-Karim
Investigator, Ministry of Social Affairs/Labour
P.O. Box 563, Safat-13006, Kuwait.
- MALAYSIA 70 Hon'ble Dr. Goh Cheng Teik
Dy. Minister of Land & Coop Development
Ministry of Land & Cooperative Development
10th Floor, Wisma Tanah, Jalan Semarak,
50574-Kuala Lumpur, Malaysia.
- 71 Haji Sulaiman Khan
Deputy Secretary General
Ministry of Land & Cooperative Development
12th Floor, Wisma Tanah, Jalan Semarak,
50574-Kuala Lumpur, Malaysia.
- 72 Dato Syed Sidi Idid
Director General
Department of Cooperative Development
6th-7th Floor, Block 'A', Wisma Semantan
12, Jalan Gelenggang, Bukit Damansara
50608-Kuala Lumpur, Malaysia.
- 73 Haji Shuib bin Ismail
Director of Extension Service Division
Department of Cooperative Development
6th-7th Floor, Block 'A', Wisma Semantan
12, Jalan Gelenggang, Bukit Damansara
50608-Kuala Lumpur, Malaysia.
- 74 Mr. Azizan bin Abdul Ghani
Director of Corporate Planning Division
Department of Cooperative Development
6th-7th Floor, Block 'A', Wisma Semantan
12, Jalan Gelenggang, Bukit Damansara
50608-Kuala Lumpur, Malaysia.
- 75 Dr. Mohd. Ali Hj. Baharum
Vice President
National Coop Organisation of Malaysia
(ANGKASA)
No. 7, Lorong 51A/227A, P.O. Box 393,
46740-Petaling Jaya,
Selangor, Malaysia.

- 76 Hj. Mahmud bin Yusof
General Manager
National Coop Organisation of Malaysia
(ANGKASA)
No. 7, Lorong 51A/227A, P.O. Box 393,
46740-Petaling Jaya, Selangor, Malaysia.
- 77 Ms. Armi Hj. Zainuddin
Director
Cooperative College of Malaysia
103, Jalan Templer, Peti Surat-60
Petaling Jaya, Malaysia.
- 78 Hj Hassan Basri bin Abdul Karim
Director
National Coop. Organisation of Malaysia
(ANGKASA)
No. 7, Lorong 51A/227A, P.O. Box 393,
46740-Petaling Jaya, Selangor, Malaysia.
- 79 Hj Zulkifli bin Yusoff
Director
National Coop. Organisation of Malaysia
(ANGKASA)
No. 7, Lorong 51A/227A, P.O. Box 393,
46740-Petaling Jaya, Selangor, Malaysia.
- MONGOLIA 80 Mr. G. Myanganbayar
Chairman
Central Union of Mongolian Consumers Coops
20, Sukhbataar District,
Ulaanbaator, Mongolia.
- 81 Mr. S. Jargal
Director of "Zorigt"
C/o Central Union of Mongolian Consumers Coops
20, Sukhbataar District,
Ulaanbaator, Mongolia.
- MYANMAR 82 Hon'ble Than Aung
Minister of Cooperatives
Government of the Union of Myanmar
No. 259/263, Bogyoke Aung San Street
Yangon, Myanmar.

- 83 Mr. Win Sein
Chairman
Central Cooperative Society
334-336 Strand Road, Yangon, Myanmar.
- 84 Mr. Myint Swe
Deputy Director, Coop Department
No.259/263, Bogyoke Aung San Street
Yangon, Myanmar.
- 85 Mr. Myint Thein
Chairman
Trading and Services Coop Ltd.
No.15, Nawaday Road, Dagon,
Yangon, Myanmar.
- NEPAL
- 86 Mr. Pradhumna Bikram Shah
Charge d' Affairs
Royal Nepal Embassy in Thailand
189 Sukhumvit Soi-71,
Bangkok-10110, Thailand.
- 87 Mr. Shanta Raj Sharma
Managing Director
National Cooperative Federation Ltd.
Subidhanagar, Teenkune,
P.O. Box 11859
Kathmandu, Nepal.
- 88 Mr. Kul Chandra Adhikari
Board Member
National Cooperative Federation Ltd.
Subidhanagar, Teenkune,
P.O. Box 11859
Kathmandu, Nepal.
- 89 Mr. Dhruba Nath Khanal
Board Member
National Cooperative Federation Ltd.
Subidhanagar, Teenkune,
P.O. Box 11859
Kathmandu, Nepal.

- PAKISTAN 90 Mr. Bashir Ahmed Siddiqui
Chairman
Sind Govt Employees Coop Housing Society
61-B, Block 13-D, Gulshan-E-Iqbal
Karachi-47, Pakistan.
- 91 Mr. Usaf Zai Taseer
Secretary
Sind Govt Employees Coop Housing Society
61-B, Block 13-D, Gulshan-E-Iqbal
Karachi-47, Pakistan.
- 92 Ms. Nargis Rashid
Executive Member
Sind Govt Employees Coop Housing Society
61-B, Block 13-D, Gulshan-E-Iqbal,
Karachi-47, Pakistan.
- 93 Mr. Nazir Ahmed Siddiqui
Director
Sind Govt Employees Coop Housing Society
61-B, Block 13-D, Gulshan-E-Iqbal
Karachi-47, Pakistan.
- PHILIPPINES 94 Dr. Luis R. Carrilo
President
National Confederation of Cooperatives
227, JP Rizal Street, Project 4
1109 Quezon City, Philippines.
- 95 Mr. Ernesto C. Galenzoga
Vice President
MASS-SPECC Coop Development Centre
Tiano-Yacapin Street
Cagayan de Oro City, Philippines.
- 96 Mr. Guillermo P. Cua
Philippine Coop/Agrarian Sector
in the Board of Trustee
Land Bank of the Philippines
319, Gil Puyat Avenue,
Makati City, Philippines.

- SINGAPORE 97 Mr. Tan Kin Lian
(on behalf of the Govt. of Singapore)
Chairman
Singapore National Cooperative Federation
510, Thomson Road, #12-02, SLF Building
Singapore-298135.
- 98 Mr. S. Moganaruban
1st Deputy Chairman
Singapore National Cooperative Federation
510, Thomson Road, #12-02, SLF Building
Singapore-298135.
- SRI LANKA 99 Mr. Lionel Samarasinghe
President
National Cooperative Council of Sri Lanka
455 Galle Road,
P.O. Box 1469
Colombo-3, Sri Lanka.
- 100 Mr. A.M. Madduma Banda
Director (Education & Training)
National Cooperative Council of Sri Lanka
455 Galle Road,
Colombo-3, Sri Lanka.
- 101 Mr. N.A. Obadage
Permanent Secretary
Ministry of Cooperatives, Provincial
Councils, Local Government and
Indigenous Medicine
330 Union Place,
Colombo-2, Sri Lanka.
- 102 Mr. Udaya Ranjith Seneviratne
Principal
School of Cooperation
Polgolla, Kandy, Sri Lanka.
- 103 Mr. D.A. Amarasinghe
Board Member
Federation of Thrift & Credit Coop Societies
12, Edmonton Road,
Colombo-6, Sri Lanka.

- 104 Mr. R.M. Karunarathna
Director
Federation of Thrift & Credit Coop Societies
12, Edmonton Road,
Colombo-6, Sri Lanka.
- TONGA
- 105 Mr. Harris J. William
Permanent Secretary
(Representative of Government of Tonga)
Ministry of Labour, Commerce, Industries &
Cooperatives
Post Box 110, Nuku'Alofa, Tonga.
- 106 Mr. Amanaki Paea
General Manager/Secretary
Tonga Cooperative Federation Ltd.
P.O. Box 1272, Nuku'Alofa, Tonga.
- THAILAND
- 107 Hon'ble Shucheep Hansaward
Minister of Agriculture and Cooperatives,
Ministry of Agriculture and Cooperatives
Rajadamnern Avenue
Bangkok-10200, Thailand.
- 108 Hon'ble Sampao Prachuabmoh
Dy Minister of Agriculture & Cooperatives
Ministry of Agriculture and Cooperatives,
Rajadamnern Avenue
Bangkok-10200, Thailand.
- 109 Mr. Narong Chuprakop
Chairman
Cooperative League of Thailand
13, Pichai Road, Dusit
Bangkok-10300, Thailand.
- 110 Ms. Peerarat Aungurarat
Director General
Cooperative Promotion Department
Krung Kasem Road, Theves
Bangkok-10200, Thailand.

- 111 Mrs. Manit Kamolvej
Deputy Director General
Cooperative Promotion Department
Krung Kasem Road, Theves
Bangkok-10200, Thailand
- 112 Miss Sunee Tangnaikoonatum
Senior Accounting System Specialist
Cooperative Auditing Department
Krung Kasem Road, Theves
Bangkok-10200, Thailand
- 113 Mrs. Suwanna Jearanaikul
Senior Auditing Specialist
Cooperative Auditing Department
Krung Kasem Road, Theves
Bangkok-10200, Thailand
- 114 Mr. Ennu Suesuwan
Deputy Manager
Bank for Agriculture and Agricultural Coops
Nakornsawan Road,
Bangkok-10200, Thailand
- 115 Mr. Weerasak Sirikul
Director, Special Activity Division
Bank of Agriculture and Agricultural Coops
Nakornsawan Road,
Bangkok-10200, Thailand
- 116 Dr. Pichai Chansuparin
Chairman
Federation of Saving and Credit Coops of Thailand
Ltd.
Wongsawang Road,
Bangkok-10800, Thailand
- 117 Dr. Somporn Rodanant
Chairman
Klongtoey Community Development Credit Union
Cooperatives
Bangkok, Thailand

- 118 Dr. Adul Srithep
Cooperative League of Thailand
13 Pichai Road, Dusit
Bangkok-10300, Thailand
- 119 Mr. Yoo Samanmit
Chairman
Pimai Agricultural Cooperative Ltd.
Pimai District, Nakornratchsima Province
Thailand.

VIETNAM

- 120 Hon'ble Ngothe Dan
Vice Minister
Ministry of Agriculture & Rural Development
2, Ngoc Ha Street, Hanoi, Vietnam.
- 121 Mr. Nguyen Yan Nghiem
Expert
Ministry of Agriculture & Rural Development
2, Ngoc Ha Street,
Hanoi, Vietnam
- 122 Mr. Nguyen Ty
Vice President
Vietnam Cooperatives Union
77, Nguyen Thai Hoc Street
Hanoi, Vietnam.
- 123 Mrs. Nguyen Thi Loan
Vice Director
Mass Organisation and Personnel Department
Vietnam Cooperatives Union
77, Nguyen Thai Hoc Street,
Hanoi, Vietnam.
- 124 Mrs. Le My Pho
Vice Director
International Economic Relations Department
Vietnam Cooperatives Union
77, Nguyen Thai Hoc Street,
Hanoi, Vietnam.

INTERNATIONAL ORGANISATIONS

- ACCU 125 Mr. Ranjith Hettiarachchi
General Manager
Association of Asian Confederation of Credit
Unions (ACCU)
36/2, Moo 3, Soi Malee Suanson
Ramkhamhaeng Road, Bangkok
Bangkok-10240, Thailand.
- AARRO 126 Mr. Ahmed A. Khalil
Secretary General
Afro Asian Rural Reconstruction Organisation
(AARRO)
No. 2, State Guest House Complex
Chanakyapuri,
New Delhi-110021, India.
- ILO 127 Mr. Mark Levin
Coopnet Programme Coordinator
International Labour Organisation
Cooperative Branch, 4, route des Morillons
CH-1211, Geneva-22, Switzerland.
- 128 Mr. Sam Mshiu
Regional Coordinator for Africa
ILO Coopnet/Coopreform
Room 316, Kahawa House
P.O. Box 946, Moshi, Tanzania.
- 129 Ms. Anne-Britt Nippierd
Coop Consultant
International Labour Organisation
4, route des Morillons
CH-1211, Geneva-22, Switzerland.
- 130 Mr. K.K. Taimni
Regional Coordinator for Asia-Pacific
ILO-COOPNET Programme
Vasantdada Sugar Institute
Manjari (BK), Tal Haveli,
Pune-412307, India.

- 131 Mr. Ejvind Mogensen
International Labour Organisation
South Asia Multidisciplinary Advisory Team (SAAT)
India Habitat Centre, Theatre Court,
3rd Floor, Lodi Road,
New Delhi-110003, India.
- FAO 132 Mr. Soetawo Hadiwigeno
Asst. Director General/Regional
Representative
FAO Regional Office for Asia & the Pacific
Maliwan Mansion, 39 Phra Atit Road
Bangkok-10200, Thailand
- 133 Mr. Wim Polman
Regional Rural Development Officer
FAO Regional Office for Asia & the Pacific
Maliwan Mansion, 39 Phra Atit Road
Bangkok-10200, Thailand.
- CCA 134 Mr. Orval Sorken
President
United Farmers of Alberta Cooperatives Ltd
P.O. Box 360
Sexsmith, Alberta, TON 3C0, Canada.
- 135 Mr. Michael Casey
Country Programme Director
Canadian Cooperative Association
Jl. Petogogan 1/16A
Jakarta-12140, Indonesia.
- DID 136 Mr. Pierre Emond
Vice President (Programmes)
Developement International Desjardins
150, Avenue des Commandeurs
Levis (Quebec), Canada G6V 6P8.
- ACO 137 Mr. J.K. Lumunon
Secretary General
Asean Cooperative Organisation
Jl Let Jen S. Parman Kav. 80.
"Wisma Koperasi",
Jakarta-11420.
Indonesia

- ICA HO 138 Mr. Bruce Thordarson
 Director General
 International Cooperative Alliance
 15, route des Morillons,
 CH-1218 Grand Saconnex,
 Geneva, Switzerland.
- 139 Mr. Claes Thorselius
 Deputy Director General
 International Cooperative Alliance
 15, route des Morillons,
 CH-1218 Grand Saconnex,
 Geneva, Switzerland.
- 140 Mr. Bjorn Genberg
 Development Director
 International Cooperative Alliance
 15, route des Morillons,
 CH-1218 Grand Saconnex,
 Geneva, Switzerland.
- 141 Mr. Jan-Eirik Imbsen
 Dy. Development Director
 International Cooperative Alliance
 15, route des Morillons,
 CH-1218 Grand Saconnex,
 Geneva, Switzerland.
- ICA ROECSA 142 Mr. V.M. Lubasi
 Regional Director
 ICA Regional Office for East, Central &
 Southern Africa
 Kahawa House,
 P.O. Box - 946,
 Moshi, Tanzania.
- ICA ROWA 143 Mr. Ada S. Kibora
 Regional Director
 ICA Regional Office for West Africa
 Immeuble de la CAISTAB,
 7th Floor, 01 BP 3969
 Abidjan-01, Ivory Coast.

- ICA ROAM 144 Mr. Juan Diego Pacheco
Regional Director
ICA Regional Office for the Americas
Apartado 8-6310, Boulevard Rohrmoser
250 Metros oeste de la Nunciatura
1000-San Jose, Costa Rica.
- ICA ROAP ICA Regional Office for Asia & the Pacific
'Bonow House', 43 Friends Colony (East),
New Delhi-110065. India.
- 145 Drs. Robby Tulus
Regional Director
- 146 Mr. G.K. Sharma
Senior Advisor to Director General
- 147 Dr. Daman Prakash
Project Director (AGMT)
- 148 Mr. W.U. Herath
Consumer/HRD Advisor
- 149 Mr. Guo Yong Kang
Agricultural Coop. Development Advisor
- 150 Ms. Akiko Yamauchi
Gender Advisor
- 151 Ms. Yukiko Yamamoto
Gender Advisor
- 152 Dr. R.C. Dwivedi
Consultant
- 153 Mr. Rajiv I.D. Mehta
CICOPA Advisor
- 154 Mr. Prem Kumar
Manager (Admn.)
- 155 Mr. K. Kukreja
Finance Officer
- 156 Mr. K. Sethumadhavan
Planning Officer
- 157 Mr. P. Nair
Project Secretary
- 158 Mr. A. K. Taneja
Project Secretary