

**REGIONAL CONSULTATION ON
“COOPERATIVES IN A CHANGING
SOCIO-ECONOMIC ENVIRONMENT”
IN THE ASIA-PACIFIC REGION**

Yangon (Myanmar) : 2-6 December 1996

BACKGROUND PAPERS



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**BACKGROUND PAPERS
FOR THE
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I. ABOUT THE PAPERS

1. **Background 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. **Background 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. **Background 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 will be a position paper presented

by the ICA ROAP for due deliberations and approval in Yangon and Chiangmai.

4. These Background 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)
Regional Director

II. EXECUTIVE SUMMARIES

BACKGROUND PAPER-I

01. RECAPITULATION

The first Conference of Ministers of Cooperatives was organized by the ICA ROAP at Sydney, Australia, in 1990. The main object was to sensitize the policy makers (Ministers of Cooperatives) and the National Cooperative leaders to genuine nature of cooperatives vis-a-vis the existing situation of the character of cooperatives and their working in the Asia-Pacific region, so that steps could be considered for developing a member-based, member-oriented and member-controlled movement. Encouraged by the success of the Sydney Conference in terms of participation of Ministers of Cooperatives, their keen interest and willingness for effecting policy changes relating to cooperatives, the Jakarta Conference was held in 1992 and at Colombo in 1994. The theme of all the three Conferences was "Government-Cooperative Relationship" with specific areas of emphasis for discussion and recommendations. (Please refer to the text of declarations and recommendations of the past three Conferences which was sent to you following the Ministers Conferences).

02. BACKGROUND OF THE FOURTH CONFERENCE

2.1 There are several factors which make the 4th Conference of Ministers of Cooperatives of Asia and Pacific countries well-timed. First, 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". Secondly, it is also necessary to review the progress of implementation and achievements of the recommendations of the previous conferences. Thirdly, 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 different countries of the Asia-Pacific region. There is need to discuss the problems facing the cooperatives. Fourthly, after the Colombo Conference held in 1994, several important events were held, which indicate new areas of activities for

cooperatives. It is relevant to develop a consensus about the role of cooperatives in the indicated areas. Fifthly, the 30th ICA Cooperative Congress, which adopted the "Cooperative Identity" as a reformulation of the Cooperative Principles, Values, and consequential re-definition of cooperatives, was held at Manchester in 1995.

The Manchester ICA Congress decisions aim at restoration of cooperative character, which has been distorted seriously, particularly in many developing countries of the Asia-Pacific region. Sixthly, it is also necessary to review the progress of implementation of the previous Conferences. Lastly, future approach directions need to be envisaged to prepare for entering the 21st century. The 4th Conference, therefore, has a wider agenda and horizon to discuss.

2.2 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.

03. ACTION BY ICA ROAP ON THE RECOMMENDATIONS OF PREVIOUS CONFERENCES

The pragmatic deliberations and overall success of all the three Conferences encouraged the ICA ROAP to conduct follow-up action at its own end as also at the national level by collaborating with the National Movements by way of organizing various workshops for the implementation of the recommendations of the Conferences. The impact was that in most countries involved, the governments and the movements have agreed to initiate a process of review. Some have gone through a positive change, some with mixed results. The Fourth Conference of the Cooperative Ministers is a further step in the direction of achieving the objective of democratizing the movement and making it more relevant and responsive in the new economic environment in various countries in the region.

04. ACHIEVEMENTS

4.1 *Continuing Importance of Cooperatives*

Even with the emphasis on privatisation, cooperatives continued

to sustain their distinct place, validity and relevance in all the countries in the region. It is because Cooperatives constitute vital peoples voluntary sector. Cooperatives are instrumental in improving the socio-economic conditions of the people, particularly those with limited means, which is of greater concern of all governments in the region. Those replies received in response to the questionnaire sent by the ICA ROAP to member-countries for soliciting information show that governments in Fiji, India, Indonesia, Malaysia, Myanmar, Sri Lanka, Tonga have given positive responses by way of recognizing the importance of cooperatives. Country-wise details are given in the main Paper.

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. This includes, inter-alia, identification of gaps and superfluous links within the existing structure. In order to ensure organizational strength and efficiency of the whole system, the structural gaps should be covered and superfluous units eliminated". Fiji, India, Indonesia, Japan, Malaysia, Myanmar, Singapore, Sri Lanka have taken certain steps to rationalise the structure according to local situation. However, the process is not that fast and expeditious as anticipated due to aggressive behaviour of private entrepreneurs. Time is therefore of the essence. The objective of transformation should be clear that the operational efficiency and competitiveness of the entire structure both vertically and horizontally increases. Efficiency and best service to the members at minimum cost need to be the sole determinant of the change in structure at any level. The details of the structural changes made in different countries are given in the main Paper.

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. In the developing countries of Asia-Pacific region, Cooperative Laws had been restrictive, providing vast powers to the government/Registrar of Cooperative Societies (RCS). By virtue of his powers the RCS is regarded as "the creator, the preserver, the destroyer of cooperatives". This phrase speaks volumes. The

laws curtail freedom, democratic rights of members and limit their initiatives. It may be stated that it was the prevailing nature and manner of enforcement of Cooperative Laws that had prompted the ICA Regional Office for Asia and the Pacific, New Delhi, to take the initiative to organize the Conferences of Ministers of Cooperative Development. 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 every country in the region has initiated action to review and change the Cooperative Laws. However, the process of change in some countries is **very slow and half-hearted**. There seems to exist bureaucratic resistance in some cases against 'liberalization' of cooperatives on the plea of involvement of government funds, alleged misuse of cooperatives for personal aggrandizement and political ends. In essence, unless the attitude of the bureaucracy favourably changes and there is strong political commitment to give freedom to cooperatives, to as much extent as it is being given to the private sector, it is doubtful that law would be changed to the extent of meeting the aspirations of cooperators and cooperatives. The need is to incorporate the spirit of the recommendations of the Conferences of Ministers of Cooperatives.

Some changes have been made or proposed to be made in various countries of the region. The laws are in need of wholesome changes rather than mere patch work. The changes made or are being made in Fiji, India, Indonesia, Malaysia, Myanmar, Sri Lanka, Vietnam - as reported from responses to the questionnaire - are given in the main Paper. The Cooperative Laws deal with a philosophy, idealism and human aspirations. Therefore, the approach, while amending the laws, should be, inter-alia, to ensure least possible intervention by the government, while at the same time to ensure that cooperatives are safeguarded against misuse by the vested interests and pseudo cooperators.

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. Typically, cooperatives have to evolve a system, as was recommended by the first Conference of Cooperative Ministers held at Sydney "to combine Cooperative Values, socio-economic objects and competitive strength". This

is typical of cooperatives because neither the private sector nor the public sector are conditioned with values and social objects, as the main object of the private entrepreneurs is maximization of profit as against providing services to the members and the community at large. The basic elements to sustain competitiveness of cooperatives are comparable quality of goods and services, operational efficiency, working integrity and minimum cost of production and procurement. To achieve this, a review of structural framework, increase of membership and strengthening of internal resources is necessary. The measures taken by the Cooperatives in various countries are given in the Annexure. The greatest challenge before the cooperatives in the Asia-Pacific region is competition with rivals in the private sector. Competition, in the final analysis is reduced to mean survival of the fittest. To succeed in competition, cooperatives need to function in such a way as not only to retain their present membership, but also to attract others to join cooperatives. The right direction, therefore, is to increase the members. Members are greatest asset and source of strength to all kinds of cooperatives. Certain steps have been taken for preparing to encounter the competition, which have been given in the main Paper.

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 follow-up action, countries have laid greater emphasis on Human Resource Development". Decisions have been taken to professionalise the management on the one hand and to build competent leadership through various programmes on the other. Steps have been taken to strengthen the existing manpower through training programmes, which have been reviewed and recasted. The contents of various training programmes are being revised so as to include the statement of Manchester ICA Congress and various recommendations of the Ministers Conferences. The country-wise details have been given in the main Paper.

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. Needless to say, every country has a very strong private sector in every field of their economy and service enterprises. Cooperatives have yet to crystallize their strategy to meet up with the situation. Private companies have started to make in-roads even in areas where cooperatives are strong and

proved their potential, by resorting to several methods. For instance, in India, private dairies have offered higher price to milk producers just to attract the members of Dairy Cooperatives. Such a trick may not be long lasting but it creates a problem for the Dairy cooperatives in the initial stages. In some countries, a few number of cooperatives have been converted into private enterprises, and a number of public enterprises into cooperatives. However, no policy, as such, has evolved to regulate such conversions. Country-wise situation is given in the main Paper.

4.7 Government Support to Cooperatives

The Sydney Declaration affirmed Government's continuing support to cooperatives to grow as a vital instrument of socio-economic change and to facilitate their development and functioning of cooperatives in accordance with the ICA Cooperative Identity. The Colombo Declaration stated that "the Government shall continue providing assistance, particularly to cooperatives of people with small means". Government assistance is an important factor in the development of cooperatives. As per the recommendations of the previous Ministers' Conferences, the Governments' should continue to support cooperatives in the Asia-Pacific region. This support is by way of pronouncement of a National Cooperative Policy, setting up of para-statal organizations to assist cooperatives, amendments in cooperative laws, granting aid to cooperatives, loan facilities, guarantees, strengthening of training and education structure, tax exemptions, incentives, preferences to cooperatives. The details of pattern of government support in various countries are given in the main Paper.

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

A cooperative-friendly environment is important factor for the development of cooperatives and to encounter the challenges from new economic policies. One of the recommendations of the previous Ministerial Conferences was that Government to take measures to build the necessary environment. Such an environment is needed so that people develop conviction in cooperatives and the right understanding about them. The building of a conducive environment requires a package of positive measures by the governments, such as, declaring their political faith in cooperatives as an instrument of development, appreciation of the achievements of cooperatives - both economic and social, assignment of specific place to cooperatives in government's, agricultural, industrial, commercial and other related policies, national recognition of outstanding cooperative leaders and cooperatives, providing level playing field for cooperatives

including favourable tax relief, preferences to cooperatives, etc. The countries have reported various measures taken by the governments and the movement towards building conducive environment for the development of cooperatives. The details are given in the main Paper.

05. FURTHER FOLLOW-UP ACTION ON PREVIOUS RECOMMENDATIONS

5.1 The previous three Ministerial Conferences had made comprehensive recommendations and given the mandate to national governments, cooperative movements and ICA ROAP to achieve qualitative and quantitative improvement in cooperatives in the region and for a better and more mutually agreed relationship between the governments and cooperatives, so that a practical system combining cooperative values, socio-economic objectives and competitive strength could be developed. However, with all that said and done by all the three parties, the goal is yet very far. The process has been initiated in regard to changes in the laws. But mere changes in the cooperative laws are not sufficient. The other recommendations are yet to be implemented. It is necessary in the context of the changing economic environment and challenges before the cooperatives that each recommendation be followed upon. The cooperative movements at the national level and the governments may consider to constitute a joint committee to regularly monitor and review periodically the progress of implementation of all the recommendations of the earlier conferences. International commitments need to be reflected in national policies and programmes. The specific recommendations which need follow-up action are given in the main Paper.

06. THE COOPERATIVE IDENTITY

6.1 *Adoption of Reformulated Cooperative Definition, Principles, and Values*

The reformulated Cooperative Principles, Values and the definition are essential ingredients of Cooperative Identity. It was adopted at the Manchester ICA Congress (1995) and has great conceptual and philosophical significance, since they aim at promoting and 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. ICA Geneva as also ICA ROAP in 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. The revised definition of cooperative, values and seven reformulated Principles are given in the main Paper for ease of reference. Action has been initiated by the National Cooperatives and Governments for popularising the Cooperative Identity and adopting its actual applications.

07. COOPERATIVES IN CHANGING SOCIO-ECONOMIC ENVIRONMENT

The changing environment is being spurred by the globalised economy, which consists of, broadly speaking, four elements, namely, liberalisation, de-regulation, privatization, and marketization. Put together these aspects are popularly known as Economic Reforms or the 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 has shown that these reforms could not 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 revitalisation. Reverting to cooperatives, it is necessary to caution that these reforms must not be applied indiscriminately, so that they do not destroy or upset the already successful cooperatives and cooperative system. 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, covering Indonesia, Malaysia, the Philippines, Singapore and Thailand. The study has revealed pulsating fact and findings which call for serious thinking 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.

In the context of the changing environment, certain bold steps have to be taken jointly by the Government and the Cooperatives to achieve what is expected by the UN Secretary General's Report, the ICA and above all peoples aspirations in various countries. Precisely, the action plans may be considered to include inter-alia, implementation of recommendations of previous conferences of Ministers of Cooperatives, broad-basing of cooperatives by increasing membership, strengthening of management, diversification of activities in the new areas, building up of an effective education and information system for the members, operationalization of Cooperative Principles and more particularly cooperation among cooperatives at various levels. Doubts have

been raised whether it would be possible to retain the operation of Cooperative Principles and sustain values in the competitive environment.

08. SUGGESTIONS FOR AGENDA FOR THE 4TH COOPERATIVE MINISTERS' CONFERENCE

India, Indonesia, Malaysia and Sri Lanka have suggested certain issues to be discussed by the ensuing Ministers' Conference. Their suggestions to the theme of the Conference "Cooperatives in the Changing Socio-Economic Environment" can be found in page 49 to 50.

BACKGROUND PAPER-II

09. CRITICAL STUDY ON CO-OPERATIVE LEGISLATION AND COMPETITIVENESS

This Critical Study was commissioned by ICA ROAP, and undertaken by two expert consultants, i.e. Messrs. Ibnu Soedjono and Mariano Cordero, under the direction of Drs Robby Tulus. It covered a three month period from March 01 to May 31, 1996, and included five countries, namely Indonesia, Malaysia, Philippines, Singapore and Thailand.

This in-depth critical study seeks to provide cooperators and government officials with an objective look at the "real" co-operative picture in this region. It is an independent study, hence transparent, but duly tested at two successive Symposia to maintain its objectivity.

The study saw that 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. It further described a number of critical features within, and beyond, the proclaimed policy environment of various governments. It further outlined the dichotomies found in the co-operative movements in their efforts to enhance competitiveness. Subsequently, an in-depth analysis was made with regard to the competitiveness of Agricultural Co-operatives and Financial Co-operatives.

The complete study report contains 129 pages, and Background Paper II presents only a synopsis of the Study as a quick reference to the main issues fleshed out in the main report.

BACKGROUND PAPER-IIIA

10. GENDER AND DEVELOPMENT

The United Nations Fourth World Conference on Women held in Beijing, built a consensus that empowerment of women is most crucial for sustainable economic development. Certainly, cooperatives are one of the best vehicles to empower women both economically and politically. However, the existing level of involvement of women is not what it ought to be in cooperatives, because of several legal, conventional and social limitations. In several countries, the membership of cooperative is restricted to the head of the family or who owns immovable property in terms of land etc. The new Cooperative Principles emphasise that the membership should be open to all persons "without gender, social, racial, political or religious discrimination". This was the first time that word "gender" has been included in Cooperative Principles. The extent of women's participation varies from country to country and activity to activity. Background Paper III-A presents various issues relating to Gender Equality and Cooperatives.

BACKGROUND PAPER-IIIB

11. SUSTAINABLE DEVELOPMENT AND COOPERATIVES

There are several issues vis-a-vis cooperatives, which need attention of and consideration by the Policy makers.

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".

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.

Experiences of cooperatives in sustainable development efforts can be noted in a number of issues addressed by cooperatives, such as, poverty alleviation, food security, employment creation, literacy, conservation of ecosystems, environment-friendly marketing systems, environment management systems, sustainable livelihood and appropriate technology.

Paper III-B highlights the above issues for discussion.



MAIN BACKGROUND PAPERS

BACKGROUND PAPER-I

OVERALL IMPLEMENTATION AND ACHIEVEMENTS OF THE PAST THREE COOPERATIVE MINISTERS CONFERENCES

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, inter alia, 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 Co-operatives is "Cooperatives in the Changing Environment in the Asia-Pacific Region".

1.2 Taken together, the three Conferences had agreed, inter alia, 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, Govt. of India appointed a committee which recommended an action plan for consumer cooperatives at different levels. An Action Plan for reactivating 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 Govt. 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 J.C.C.U. (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 of 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 Govt. of India is also in continuous interaction with State Govts. 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 independency 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 Govt. 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 obtaining 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 Govt. 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 Govt. 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 net-work

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 COPNET 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 dovetailing 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 Co-operative Ltd. and Bogalay Township Ayeyar Bo General Trading Emporium Cooperatives Ltd. |
| (2) Leather Factory | Emporium Co-operative Syndicate Limited. |
| (3) Enamel-ware Factory | Government Employees Cooperative Syndicate Limited, yangon Division. |
| (4) Feather Factory | Government Employees Cooperative Limited, 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 & Rural Development) also provide financial support to cooperatives. The underlying principle of Govt. support to the Coop. Movement is to bring about a planned economic development of coops for the benefit of the poor and weaker sections.

4.7.2 In Malaysia, according to Dept. 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 Dept. of Cooperative Development.

4.7.3 In Myanmar, Government supports cooperatives in several ways. Cooperatives pay income tax and sale 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 sale-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 sale-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 Govt. 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 invest-ments policies of the 21st Century (APEC and WTO).
- (2) The Ministry of Cooperatives and 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 Govt. 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 Govt. 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 Govt. 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 Co-operatives, 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 cooperatives 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 - in as much as the Cooperative Sector basically encourages initiatives and popular participation of people (peoplization), democratization, ensuring at the same time social justice and economic decentralisation".

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 Background 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.

BACKGROUND PAPER-II

CRITICAL STUDY ON COOPERATIVE LEGISLATION AND COMPETITIVENESS

Ibnoe Soedjono and 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" co-operative 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 co-operative 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 this 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 cooperative 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 co-operative. 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 co-operatives".

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 will not be listed in this section of the Background Paper as they would first be reviewed at two successive Symposia to be organized by ICA ROAP. One Symposium on the "Impact of Globalization on Co-operative Banks and Financial Intermediation" was already held in Goa, India, from August 4 to 7, 1996. The Second one on the topic of "The Impact of Globalization on Agri-Business Co-operatives" will be held in Myanmar just before the start of the Regional Consultation from November 29 to December 01, 1996.

At the first Symposium in Goa, participants reviewed and deliberated at length these Recommendations from their financial co-op perspective. The same Recommendations will also be reviewed and discussed by the participants of the second Symposium that will be held in Yangon, Myanmar.

The final Recommendations sanctioned by participants of both Symposia will eventually be presented to the Regional Consultation, to be held in Myanmar, for due deliberation and adoption.

BACKGROUND PAPER-IIIA

GENDER AND DEVELOPMENT

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 cooperative values and principles and training for gender sensitivity, very limited women leadership training and materials, etc.

POINTS FOR DISCUSSION AT THE REGIONAL CONSULTATION IN YANGON, MYANMAR

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 immovable 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, preliminarily 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 AND 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.

BACKGROUND PAPER-IIIB

SUSTAINABLE DEVELOPMENT AND COOPERATIVES

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 NGO s 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 eco systems
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 ecosystems, 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, deforestation, 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 standards 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 the 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 implementation 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 ecosystems. 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 'Sanchoku'.

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 trans national 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.

