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What impact cooperatives are making in Asia to sustainable social, economic and environmental development?

Mr. Ban Ki-moon, UN Secretary General in his 2012 International Year of Co-operatives message said, "Co-operatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility." Cooperatives in Asia embody this by making their presence felt in all sectors of the economy, by contributing to national growth and by creating and maintaining employment. Social, economic and environmental development of members and the community at large (7th cooperative principle) has been the key agenda of cooperatives, in letter and the spirit of such development depends largely on enabling legislations and friendly/favorable policies.

Cooperative membership: In Iran, there are over 130,000 co-operative societies with 23 million members or approximately 33% of the population; in Indonesia 27.5% families representing approximately 80 million individuals are members of co-operatives; in Japan 1 out of every 3 families is a member of a co-operative; in India over 239 million people are members of co-operatives; China has 180 million members; in Malaysia 6.78 million people or 27% of the total population are members of co-operatives; and in New Zealand 40% of the adult population are members of co-operatives and mutuals; in Singapore, 50% of the population (1.6 million people) are members of co-operatives; in Korea agricultural cooperatives cover 90% of all a farmers while fisheries cooperatives have a 71% market share. In Asia 45.3 million people are members of a credit union.

Co-operatives contribution to national economies: in Singapore, consumer co-operatives hold 55% of the market in supermarket purchases and have a turnover of USD 700 million; in Iran co-operatives contribute 6% to the Gross Domestic Product (GDP); the Kuwaiti Union of Consumer Co-operative Societies handled nearly 70% of the national retail trade in 2007; in New Zealand, 22% of the gross domestic product (GDP) is generated by co-operative enterprises; in Vietnam, co-operatives contribute 8.6% of the GDP; and in Mongolia, 19% of rural revenues are derived from cooperatives.

Co-operatives and employment: in the Philippines majority of the 30,000 plus cooperatives are located in rural areas and they provide 65,215 jobs in rural areas through direct employment with cooperatives. In India dairy co-operative generate jobs for 12.96 million families. In **Indonesia**, co-operatives provide jobs to 288,589 individuals.

- What contributions can cooperatives make in helping to empower social groups such as youth, persons with disabilities, unemployed, older persons, women and migrants?

Today, nearly 75 million youth are unemployed around the world, an increase of more than 4 million since 2007. By 2016, the youth unemployment rate is projected to remain at the same high level. The biggest challenge is poverty or the working poor (not only unemployment). The disenchantment and disengagement of younger people is already apparent, as they become aware of the institutions and systems they are inheriting, together with the immediate economic challenges they face (the “graduate with no future”). Cooperatives as member owned, community based business organizations can empower young people to start enterprises. By creating their own cooperative enterprises, tailored to local needs, young entrepreneurs can create economic development in their community. At the recent World Conference on Youth 2014 held in Sri Lanka, the final declaration urged governments of countries represented at the UN to promote cooperatives as vehicles to bring change in the life of those who comprise the marginalized section of the society.

Co-operatives contribute to the economic, social, and political empowerment of working women in a variety of ways. Cooperatives provide women with opportunities to pursue commercial activities and access financial services. The 'one member, one vote' rule of cooperatives offers them the opportunity to make their voice heard in order to improve their social and economic status. Through cooperatives, women are able to unite in solidarity and provide a network of mutual support to overcome cultural restrictions to pursuing commercial or economic activities.

Cooperative enterprises provide a practical and relevant model for domestic workers and migrant workers to improve their livelihoods and conditions of work. There are now a number of well-established experiences of domestic workers organizing themselves through cooperative enterprises, particularly in the home care sector. In India, the Self-Employed Women’s Association (SEWA) works to provide employment through the creation of cooperatives owned and run by its two million women members. Among other types of co-operatives, SEWA has helped establish are health care, home care, and child care cooperatives. In South Korea, where domestic workers are currently not recognized as legally holding ‘worker’ status, the South Korean Home Managers Cooperative works closely with the country’s trade unions and has been staging rallies with them calling for social recognition and legal protection. Many other domestic workers’ cooperatives are being formed in South Korea, including with migrant worker members, after the recent change in the country’s cooperative legislation.

- * What are the challenges faced by cooperatives in Asia country?

While cooperative have been around in Asia for a while, they have yet to uniformly realize their full potential as powerful business model for socio-economic development. The best cooperative practices are confined into pockets and the ratio of success in comparison to their huge numbers is low. There is general lack of awareness and limited discourse in the public sphere about cooperatives. Historically cooperatives in Asia have been largely creations of governments and their promotion and development aligned and influenced with the agenda of party politics rather than the motivation to empower people through autonomous cooperative business organizations. For example, the enforcement of the 97th amendment in India has been stymied and in Japan there are efforts to dismantle the structure of agricultural cooperatives. Lack of support, poor enabling environment and excessive regulations have turned many cooperatives away from being self-reliant entities and left members far behind with no sense of belonging to the cooperative. At the same time there is a clear lack of political will in promoting innovations in cooperatives.

Cooperative leaders on the other hand have enjoyed unbridled powers for long without accountability and maintaining the “status quo” serves their interest. In some cases cooperatives have ended up becoming the fiefdom of a few promoters/founders. Where the elections are held, the same set of people are rotated in leadership roles, and continue enjoy enjoying the benefits over the years. A lot of abridged, interpreted versions seem prevalent in the region that makes cooperatives a breeding ground for politically ambitious persons and for those with vested interests.

ICA-AP is well aware of the situation and understands that success can be achieved only through productive collaboration between governments and cooperatives. The government should not only put in place enabling law and policy for operations but also appropriate judicial safeguards to protect member’s interest. Self-reliant Co-operative Act in India, Solidarity Framework law on co-operatives in Korea, the Philippines co-operative code are examples of where the law promotes an enabling environment for cooperatives.

- What lessons have been learned from Asia cooperative experience in contributing to development?

According to the ICA Blueprint for a Cooperative Decade – “With political institutions in many nations struggling to keep up with a rapidly changing world, it is essential that citizens become increasingly resourceful, enterprising and co-operative in order to face the inevitable social and environmental challenges we face as a world community. Rarely has the argument in favour of co-operatives looked stronger than it does in 2012. But unless there is concerted action over the next few years, the moment will be lost.”

The downside learned on co-operative experiences across Asia are their inability to

ensure active membership; lack of member communication; general lack of recognition and awareness of cooperatives as economic institutions both amongst policy makers and public at large; politicization and excessive role of the government arising out of the loop holes and restrictive provisions in the Cooperative Acts; inadequacies in governance including that related to Boards' roles and responsibilities; lack of professionalism in management; lack of good elected leadership; small size of business and hence inability to attain financial viability; internal work culture and environment not congenial to the growth and development of co-operatives as a business enterprise; and lack of efforts for capital formation particularly that concerning enhancing member equity and thus member stake.

The upside lessons learned from co-operatives across Asia are that cooperatives which emphasized member participation and adhered to laid out rules did well in the long run; increase in the availability of products and services in the communities enhance patronage; governance that required record-keeping and had control and oversight of economic and administrative operations, financial checks and balances helped protect against corruption, having international support and alliances helps in knowledge, skills and technologies; and the provision of incentives for training and planning;

- What are the policies that promote an enabling environment for co-operative contribution to social development?

In its Promotion of Co-operatives Recommendation, 2002 (Recommendation 193), the International Labor Organization recommends (amongst other things) Governments should provide a supportive policy and legal framework consistent with the nature and function of co-operatives and guided by the co-operative values and principles. An important aspect of supportive legal frameworks involves ensuring that co-operative legislation underpins and protects the co-operative identity. There is need for proper understanding of the economic and social benefits that the co-operative form can bring that contributes to a broader diversity of ownership forms than is currently the case. There is need for favorable policies toward women and youth and participation of members in general. In the Asia Pacific region assistance has been provided to national parliamentarians, legislators, registrars and policy-makers through the comparative study of the way laws apply to co-operatives in different jurisdictions, guidelines on how to apply the Principles. The emphasis has been on development of capacity to respond to co-operative opportunities created by global and regional political events and changes. There is need to integrate the co-operative agenda into global development institutions, such as the World Bank, and with intergovernmental policy-setting bodies, such as G20, and ASEAN

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