SUPPORTIVE ENVIRONMENT FOR COOPERATIVES

A Stakeholder Dialogue on Definitions, Prerequisites and Process of Creation

Report of an Expert Group Meeting held in Ulaanbaatar, Mongolia, 15–17 May 2002

United Nations
Introduction

The meeting was organized by the Department of Economic and Social Affairs of the United Nations and the Government of Mongolia, with the assistance of the Committee for the Promotion and Advancement of Cooperatives (COPAC). It brought together professionals with different backgrounds and areas of expertise in cooperative development. The primary purpose of the meeting was to provide support to Member States and national, regional and international cooperative organizations in their efforts to create a supportive environment for cooperative development and to promote an exchange of experience and best practices.

The meeting was a follow-up to the discussion of two recent international documents which have increased the awareness of policymakers to the multitude of problems confronting cooperatives. The first document is the United Nations guidelines aimed at creating a supportive environment for the development of cooperatives. The objective of this set of guidelines is to provide Governments with broad principles for the development of national cooperative policies which protect and advance the potential of cooperatives to help their members achieve their individual goals while, at the same time, allowing them to contribute to society’s broader goals. At its fifty-sixth session in 2001, the General Assembly drew the attention of Member States to the guidelines which could be taken into consideration by them when developing or revising their national policies on cooperatives.

The second document is the new ILO Recommendation on the Promotion of Cooperatives that was adopted in 2002. This document represents a revision of ILO Recommendation No. 127 in order to (a) adapt the original recommendation to the changes that have occurred since the 1960s with regard to the concept of development and the role that cooperatives can play in economic and social devel-
opment in developing countries; and (b) extend the revised standard to countries with economies in transition and to the industrialized countries, where cooperatives have a new role to play.

The meeting identified a number of key issues relevant to implementing the UN Guidelines and set out specific suggestions and recommendations pertaining to the creation of a supportive environment for cooperatives development.

The discussion in the meeting opened with a broad review of the pertinent features and characteristics of a supportive environment for the development of cooperatives at the national and international levels. This discussion ranged over a number of issues, including the common and specific characteristics of a supportive environment in industrialized and developing countries and countries with economies in transition; community as an essential prerequisite for the establishment of a sustaining environment for cooperatives; the prerequisites for the creation of a supportive environment for cooperative development; contemporary approaches to and practices for creating and/or strengthening a supportive environment for cooperatives worldwide; and actions to be taken by cooperatives and their apex-level organizations to improve their environment at the local, national and international levels.

The meeting also discussed how the world cooperative movement can best make use of the United Nations guidelines and the new ILO Recommendation on the Promotion of Cooperatives, including what lessons can be derived from recent successes and failures in establishing a supportive cooperative environment. A special session was devoted to discussion of issues related to the creation of a supportive environment for cooperative development in Mongolia.

The meeting concluded with agreement on a set of recommendations on needed action for the creation of a supportive environment for cooperatives at the national and international levels.
Summary of Conclusions

The discussion in the Meeting focused on key issues in three broad areas.

- The social and economic development priorities of member states;
- The development needs of the cooperative sector in different national contexts and in different sectors of economic activity; and
- The development of mutually supportive partnerships, policies and processes between national governments and cooperatives in areas where there were clear complementarities between their respective goals.

Social and economic development priorities

The Meeting identified two key areas where useful synergies exist between the social and economic policy objectives of member states and the economic and social objectives of cooperatives.

Economic liberalisation

The efforts of Governments, particularly in developing countries and in economies in transition, to promote free markets and improve access to the economic and social benefits of globalisation can be complemented by the cooperative movement. Cooperatives can play a key role in the establishment of competitive markets by challenging oligopolistic and monopolistic business practices, by defending and expanding consumer choice, and by enabling better access to economic opportunities for groups and individuals who might otherwise be marginalized or uncompetitive in a market exposed to international competition.

The Meeting agreed that in order for cooperatives to function effectively in the new global competitive market, several important conditions need to be satisfied:

- In terms of their organization, cooperatives need to achieve growth in scale, improve access to technology, and to enhance their logistical capacity;
In terms of their markets, cooperatives need to improve their access to national and international markets and to reposition themselves into higher value added economic activities along their respective supply chains;

In terms of their management, cooperatives need to develop greater professionalism in their management and to improve their management information systems and stakeholder relationships.

Social cohesion and community

In general, Governments are committed to improving social development and social cohesion through measures to improve the efficient and sustainable management of social security; reverse the trends of rural-urban migration; improve the context and content of family life; eliminate poverty, social exclusion and marginalisation; and redress gender inequalities in all areas of society. In this regard, the activities and objectives of cooperatives can complement the efforts of Governments. It was pointed out that social cohesion provides a valuable environmental context for the development of cooperatives, and that cooperatives have demonstrated the ability to facilitate social cohesion in a variety of cultural and multi-cultural environments. In particular, cooperatives are concerned about the growing culture of individualism; issues of gender equality in cooperatives; the ongoing fragmentation of community; and the growing problems of maintaining membership involvement and identity with their cooperative in the context of the increasing scale of cooperative activities.

Community represents not only a legitimate end of cooperative activity but also an important tool of cooperative management for the achievement and delivery of member services and benefits, and for maintaining a positive cooperative brand in their chosen markets. It also plays a key part for cooperatives in the establishment of the necessary networks, relationships and shared values to manage their supply chain relationships. The solidarity of membership remains an important cooperative goal.

While all cooperatives do not necessarily have a direct responsibility for the goal to combat poverty and social and economic marginalisation, the long-established practice of promoting cooperatives to address these issues remains a powerful and effective model. Cooperatives...
tives provide a set of principles upon which new self-help cooperative initiatives can emerge to autonomously and indirectly implement government policies. Such cooperatives, operating according to the principles of democracy and autonomy, can enable poor people to take control and ownership of the process to fight poverty and its causes.

The development needs of the cooperative sector

Definition of a cooperative

The group of experts agreed that in order for cooperatives and governments to effectively collaborate there needs to be an agreed definition of cooperatives. In this context, the ICA (International Cooperative Alliance) Statement of Cooperative Identity should be taken as the base and operationalised in terms of cooperatives position in the context of the marketplace as distinctive from other forms of business enterprise.

Cooperative departments

The group of experts recognised that for government and cooperatives to be able to work together effectively there needs to be a clear and positive government policy which establishes the role and relationship of cooperatives in society and in the marketplace as a reference point for all government departments whose responsibilities relate to cooperative activities. It was also recognised that there was a need for a co-ordinating agency within government which could provide advice to government on how various its policies would affect the operation and development of cooperatives. A consistency of policy for cooperative development and administration at all levels of government was needed.

Partnerships

The meeting suggested that in some areas a constructive partnership between Government and cooperatives could be established where the free market process had been unable to deliver effective economic and social development, and where government was also withdrawing from the provision of services. In these instances an effective partnership requires the State to facilitate the development of cooperatives from the bottom up in order to establish autonomous
associations of self-help. Cooperatives, as good corporate citizens, should be willing to support such projects but could not and should not be expected to stand in for either government or for the communities who should initiate these developments.

In the pursuit of a sustainable environment for cooperatives, government at all levels would need to engage with cooperative activity from the local primary level, through to the national, regional and international levels. At the international level it was suggested that the ministerial conferences on the cooperatives should be reviewed and strengthened. In particular, these ministerial conferences should focus on specific projects that could be discussed as potential projects for partnership. Such regional conferences should be attended by representatives of government from appropriate ministries, as well as representatives of cooperatives and other appropriate players, including representatives of the United Nations agencies and development partners. Despite the historical difficulties that have existed between Government and cooperatives, it is possible for the State and cooperatives to strike a successful and effective partnerships. While too much State control is bad, no State involvement can be equally unhelpful and short-sighted.

In general:

- Government should not support cooperatives just because they are cooperatives, but because of what they do and how well they do it, alongside other businesses and enterprises, on a competitive basis.
- Cooperatives should not be used as an instrument of the State and must be able to act autonomously;
- Policies should move cooperatives away from dependency on the State;
- Cooperatives should not be promoted as instruments of government policies or technical aid programs, as conduits for subsided loans or scarce commodities, as forums for political indoctrination of the people, as a means to formalise the informal economy or as agents for helping the poor. Experience shows that cooperatives contribute best to society when they are true to their values and principles;
- Laws and regulations should require that directors of cooperatives are qualified and accountable for safeguarding the interests of the cooperative and its members.
**Legislative issues**

In terms of legislative reform the experts identified a number of key principles that should guide governmental reforms or the initiation of legislation designed to regulate, supervise and develop the cooperative sector. First and most important, support is needed in the form of legislation that recognizes the cooperative as a legal and distinct form of economic enterprise. The legislation also needs to allow a cooperative sufficient flexibility to act as an autonomous institution to develop itself. Consideration may need to be given to the inclusion of provisions for cooperatives in national constitutions.

The specific character of a cooperative, as part association and part economic enterprise; must be reflected in the law. For example, there should be provisions on the distribution of powers among the general assembly, the board and the manager, capital formation, profit distribution, etc.

Cooperatives need to be regulated and supervised in order to protect them and their membership from abuses such as the fraudulent misuse of cooperative funds; the misuse of the name and identity of the cooperative for non-cooperative activities or simply to attract governmental funding; or as a cover for business activity that is on the boundaries of legitimacy. Legislation is also needed to defend and protect cooperatives from predatory takeovers and privatization.

Cooperatives should be free to accumulate capital, acquire new businesses, enter joint ventures and partnerships, leverage technical knowledge and access to markets, participate in international trade to undertake innovations.

The issue of taxation was extensively discussed at the meeting and the general view was that the surplus a cooperative accumulates cannot be categorized as profit because it represents “cost plus surplus” that should be returned to members as patronage refund.

**Barriers**

The meeting explored a number of barriers that could prevent the full implementation of the United Nations Guidelines in member countries. It also suggested some practical measures and strategies
of implementation that need to be developed to deal with barriers and difficulties that were identified during the group’s discussion.

**Different effects of globalisation**

The meeting noted that the forces driving globalisation might affect developing countries, countries in transition and developed countries in different ways. This may mean that different strategies of implementation are needed.

**Research**

The meeting noted that cooperatives need access to the results of research into organization management theory as well as the utilization or deployment of innovative technologies. Research that documents positive and negative cooperative practice can form the basis for future cooperative development. In general, cooperatives may not be in a position to establish their own research centres and, therefore, they will have to depend on the research of others or seek external aid to fund their own research activities. The establishment and ongoing operation of such centres is an important part of creating an enabling and sustainable environment for the long-term development of cooperatives.

**External aid**

The terms and conditions of external aid provided for the promotion and development of cooperatives is of critical importance. In some cases such assistance from international agencies, governments and others can have a negative affect on cooperatives because it reduces rather than increases the autonomy and independence of cooperatives.

**Capacity to cooperate**

The capacity to cooperate was identified as an important part of a supportive environment. The meeting recognized, however, that cultural factors are contributing to a possible decline in this cooperative capacity. Cooperative education and exposure to cooperative practice were identified as important parts of any solution to this problem. Individualism appears to be an important contributory
factor to the lack of understanding and use of collective or cooperative solutions.

**Political engagement**

Cooperatives need to be able to engage in the political process on behalf of their members without discrimination. Encouragement for such processes may be needed because it would help to ensure that the political interests of cooperatives are respected and not under-represented in policymaking or misused for political purposes.

**Creation of a Supportive Environment**

The creation of a supportive environment for cooperative development would need to include the following:

- A clear and well founded understanding of the nature and working of cooperatives is an indispensable precondition for designing a supportive and enabling environment;
- The State has to strike a balance between its role as an enabler of cooperative development and its function of reducing risk to the public from cooperative activities. It needs to reduce barriers of entry, including enabling cooperatives to be formed and people to join cooperatives. The State also needs to recognize and value institutional and organizational diversity within a business and market context.
- Beyond drafting and passing policies, the State needs in a supportive environment to exhibit a consistency of approach, that is, a consistency in the application of laws affecting cooperatives.
- To maximize and deepen State understanding of cooperatives, it may be unwise for cooperatives to focus on having a single Cooperative Department to cater for their needs. “basket”. Cross-departmental advocacy increases the chances of co-ordination and accountability across government departments and links appropriate State agencies with sector-specific cooperatives. From a strategic perspective, cooperatives may need to move away from targeting a Cooperative Department as the sole or primary policy making body for cooperatives.
- A precise definition of cooperative is necessary to prevent
“bogus” cooperatives from illegitimately benefiting from cooperative policies and sully the image of cooperatives.

- Cooperatives require a level playing field with respect to all other regulations that attempt to supervise cooperative commercial and or business activity. In this case equal treatment does not mean uniform treatment but non-discriminatory treatment which recognises the distinct character of cooperatives. If cooperatives are given the right to engage in certain activities, they should also be subject to appropriate attendant obligations.
- A principle of subsidiary should be followed wherever possible.

It is essential to have strong umbrella organisation in order to have effective cooperatives. Umbrella organisations can help remove high transaction costs for new fragile cooperatives. It is necessary for these national apex organisations to form strong links with international apex organizations and to help with the transfer of skills and knowledge. It is important, in this regard, to have an enabling environment provided by Government and other organisations to assist in the development of apex organisations in transition economies.

Cooperatives have a role to play in the development of civil society in a wider sense; they enforce democratic values and contribute to the development of social capital within communities. Partnerships between communities and private self-help groups in multi-stakeholder cooperatives are possible and can be successful.

- The reinforcement and development of a cooperative culture and solidarity, within the association of membership and the wider cooperative stakeholder network, needs to be a key goal of cooperative education and development.
- Schools and colleges should support the development of programmes that encourage students to learn about and experience the practice of cooperative purposes, values and processes.
- Agencies responsible for the development of culture and the arts should ensure that cooperative activities and content in these areas are properly represented and encouraged.
- The embedding of cooperative values and culture in society,
which promote the social capacity to cooperate, is a crucial element in providing cooperatives with a sustainable environment.

**Recommendations**

The expert group recognized that a sustainable environment for the cooperative cannot be achieved by quick fixes or simple formulas. Ultimately only the cooperatives themselves can mobilise, involve and inspire their members to act in their own interest and that of their communities. Cooperative capacity for genuine partnership with government cannot be developed by governmental regulation that prevents innovation in the cooperative sector. The regulatory, economic and cultural contexts for cooperatives are needed to be addressed together as they clearly influence each other’s impact. Cooperatives must be fully committed to the process and led by people with an broad vision of the cooperatives social and economic purpose and who understand the need for a mutually supportive relationship between both these dimensions to ensure a truly sustainable environment for cooperatives.

The expert group proposed the following recommendations:

**Government–cooperative relationships and the development of policy**

- Governments should form working parties with separate sectors of their cooperative movements to define the goals of central Government as a guiding policy document for all government departments in their dealings with the cooperative sector.
- Governments should encourage the establishment of agencies to facilitate and promote cooperative self help solutions within marginalized, developing and regenerating areas and communities.
- The formally established cooperative sector should be encouraged to contribute to these processes in areas where membership overlaps and commercial needs make this appropriate.
- Government agencies should adopt a “light touch” approach where ownership and definition of goals is generated in terms of the marginalized communities who manage their own development.
Cooperatives should not be seen as vehicles for the injection of government financial aid into communities because this confuses the roles and distinctive nature of cooperatives as facilitators of social cohesion and economic development.

Governments should ensure a legislative and policy environment that permits cooperatives the full flexibility they need to respond to their globalised competitive environment in particular by facilitating cooperative ability to purchase subsidiary businesses, enter joint ventures, trade and invest across national boundaries and amalgamate or otherwise merge their activities in whole or part with other cooperatives.

**The regulatory framework**

Governments, in consultation with their respective cooperative movements, need to establish regulatory frameworks that protect cooperatives from misuse or predatory attack to asset strip and redirect them from their distinctive role and purpose in the marketplace and society. This recommendation should not be taken as imposing additional administrative burdens on the cooperative sector beyond those already placed on all organisations to maintain fair trade and prevent other non-discriminatory practices.

At the request of specific national cooperative sectors, national cooperative working parties need to be established with their governments to explore particular national legislation.

**Judicial and administrative practice concerned explicitly with cooperatives:**

- Cooperatives should not be regulated or administered in ways that conflict with their economic competitiveness and/or impose additional administrative burdens not imposed on their competitors.
- Effective and appropriate audit processes and standards need to be established in consultation with cooperative organizations at the international level to ensure agreed standards to facilitate global collaboration and transparency.
- National cooperative federal and apex bodies need to establish legislative monitoring functions to eliminate barriers to cooperative collaboration with cooperatives and other forms of business
organization. These matters need to be implemented through joint working parties at the national level and, where appropriate, with reference to international, particularly regional legislative frameworks.

- Consultative procedures should be established which reflect the needs of all sectors and the different levels of development to be found in the different cooperative sectors. These procedures should ensure a balanced and focused consultative process that does not overlook weaker or smaller segments of cooperative activity or complicate and prevent progress needed by the large-scale cooperatives.

Research, statistics and information

- Governments and cooperatives need to fund both applied and longer-term theoretical research on cooperatives.
- The group of experts recommends as priorities in applied research programmes, short-term studies with a strong emphasis on three areas:
  - Business-led research focusing on the needs of cooperatives responding to competitive environments, strategic management, and applications of technology to processes, logistics, marketing, human resources, quality and management information systems (MIS).
  - Governance and member relationships under conditions of national and international cooperative activities.
  - Professional management development in the cooperative context and the application of cooperative values as management methodologies.
- Longer run theoretical programmes are needed to explore a wide range of issues emerging for cooperatives in the new models of business and organisational development. Particularly important are areas focused on: learning organisation, knowledge management, the impact of technology on business structures, employment, member relationships, product and service innovation and their impact on growth, capital accumulation and community. At the macro level the potential and actual impact of cooperative business forms on the broader economic system towards making economic activity more human centred is considered another priority for long term research.
- Cooperative organizations should be fully engaged in the devel-
opment of applied research projects and should be encouraged to collaborate with researchers.

- A programme of active public funding of cooperative teaching and research institutes within the university sector is needed to ensure research (applied and long term) led teaching in cooperative management and all other aspects of cooperative education. In the longer run the cooperative movements must recognize that education that is not based on research will be flawed and dated. There is a need for the movement to develop endowments and foundations in national and international centres of excellence for cooperative research to ensure continuity and independence for academic study of the cooperative sector.

- Dissemination of research findings must be a priority for research funded from public and cooperative sources.

- Transparency and integrity are critical in reporting cooperative statistics which should always be made available in the public domain at industry of sector level, but not at the business level where there could be competitive disadvantage from earlier disclosure.

- The cooperative movement should be consulted on the development and presentation of all governmental and transnational organizations statistics for national and international levels relating to economic, social, demographic, environmental, and other data that impacts on their short and long term goals.

**Education**

National governments should fund cooperative content in schools and various levels of further and higher education.

**Cooperative capacity building**

Training and development programmes that target the enhancement of apex cooperatives capacity should be supported to ensure they can respond to and initiate effectively policies and programmes aiming at developing a sustainable environment for cooperatives. The following key areas are identified as being of particular importance: advocacy skills, promotional skills, consultancy skills, and administrative skills.
Annex I

Guidelines aimed at creating a supportive environment for the development of cooperatives*

Objectives

1. Within the General Assembly and the Economic and Social Council, and at major recent international conferences, Governments have acknowledged the significance of cooperatives as associations and enterprises through which citizens can effectively improve their lives while contributing to the economic, social, cultural and political advancement of their community and nation. They have recognized the cooperative movement as a distinct and major stakeholder in both national and international affairs.

2. Governments recognize that the cooperative movement is highly democratic, locally autonomous but internationally integrated, and a form of organization of associations and enterprises whereby citizens themselves rely on self-help and their own responsibility to meet goals that include not only economic but social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration.

3. Consequently, Governments seek to create an environment in which cooperatives can participate on an equal footing with other forms of enterprise and develop an effective partnership to achieve their respective goals. Policies should protect and advance the potential of cooperatives to help members achieve their individual goals and, by so doing, to contribute to society’s broader aspirations.

4. However, such policies can be effective only if they take into account the special character of cooperatives and the cooperative movement, which differs significantly from that of associations and enterprises that are not organized according to cooperative values and principles.

5. The objective of the present guidelines is to provide advice to Governments and set out broad principles on which national cooperative policy might best be based, recognizing that more specific and detailed national policies fall within the responsibility of each Government. Because of the governmental expectations regarding the cooperative movement and the rapidly changing global conditions and changes in the cooperative movement itself, many policies in most of the Member States of the United Nations might benefit from

review, and in some cases from substantial revision.

**Policy regarding cooperatives and the cooperative movement**

6. The objective of the policy is to enable recognition of cooperatives as legal entities and to assure them and all organizations and institutions set up by the cooperative movement real equality with other associations and entities. In order to ensure equality, the special values and principles of cooperatives must receive full recognition as being desirable and beneficial to society and that appropriate measures are taken to ensure that their special qualities and practices are not the cause of discrimination and disadvantage of any kind.

7. To achieve this objective, Governments are concerned with creating, and with maintaining as conditions change, an enabling environment for cooperative development. As part of such an environment, an effective partnership between Governments and the cooperative movement could be sought.

**Public recognition**

8. It is appropriate and useful for Governments to acknowledge publicly the special contribution, in both quantitative and qualitative terms, made by the cooperative movement to the national economy and society. The joint observance of the observance of the International Day of Cooperatives and the International Cooperative Day organized by the International Cooperative Alliance, pursuant to General Assembly resolutions 47/90, 49/155 and 51/58, may provide an occasion on which information on the cooperative movement is publicly disseminated.

**Legal, judicial and administrative provisions**

9. Appropriate provision is necessary within legal, judicial and administrative practice if cooperatives are to contribute positively to improving the lives of their members and the communities in which they operate. Legal provisions may take various forms appropriate to individual national legal systems. The status, rights and responsibilities of cooperatives, the cooperative movement in general, and, if appropriate special categories of cooperatives or distinct aspects of cooperation should be addressed.

10. **National constitutions**: The legitimacy of cooperatives and the cooperative movement could be acknowledged in these instruments, if appropriate. Provisions that limit the establishment and operations of cooperatives should be appropriately amended.

11. **General law on cooperatives or the general section of a single law on cooperatives**: A general law on cooperatives or laws specific to cooperatives or under which cooperatives fall should ensure that cooperatives enjoy real equality with other types of associations and enterprises and not be discriminated against
because of their special character. Laws should include the following basic set of acknowledgements, definitions and provisions: 

- acknowledgement that the organization of associations and enterprises on the basis of cooperative values and principles is legitimate; 
- acknowledgement of the utility of the cooperative approach to association and enterprise, its contribution to national life and the status of the cooperative movement as a significant stakeholder within society; 
- definition of cooperatives, using the “Statement on the cooperative identity”, adopted by the International Cooperative Alliance in 1995; 
- recognition of the unique nature of the values and principles of cooperation, and hence the need for their separate and distinct treatment in law and practice; 
- commitment that neither their unique nature nor their separate and distinct treatment in law and practice should be the cause of discrimination, intended or not; 
- undertaking that no law or practice should restrict the rights of citizens to full participation in the cooperative movement in any capacity consistent with its values and principles and should not restrict the operation of that movement; 
- provision that a general law apply to all categories of cooperatives but that, in order to respond to the situation of certain categories of cooperatives, special laws might be enacted, consistent with the general law; 
- stipulation that all judicial and administrative regulations and practices be based only on the general or special laws on cooperatives; 

that all regulations clearly identify the provision of the law on which they are based and the purpose for which they are made; 
- recognition of the full autonomy and capacity for self-regulation of the cooperative movement; 
- acknowledgement that intervention by Governments in the internal affairs of the movement should be strictly limited to measures applied generally to all associations and enterprises equally in order to ensure their conformity with the law. Adjustments may be made only to ensure: 
- real equality in treatment; 
- definition of the responsibilities of the cooperative movement for self-regulation in all matters distinctive to it; 
- provision that the texts of laws and regulations be made available to all cooperative members and employees; 
- provision that representatives of the cooperative movement participate fully in drafting special laws or judicial or administrative regulations and guidelines concerning practice; 
- provision for the maintenance of a public register of cooperatives as a part of procedures for registration of all associations and enterprises; 
- provision for procedures for continuous monitoring and regular review of law and practice which would include the full and equal participation of representatives of the cooperative movement and for encouragement of research on the effect of law and practice on the environment for cooperatives; 
- establishment of the responsibility of Governments to formulate and carry out a policy in respect to cooperatives that would seek to establish a supportive and enabling environment.
environment while avoiding any infringement of the autonomy of the movement and any diminution of its capacity for responsible self-regulation and would seek also to engage in an effective and equal partnership with the movement in all matters where it is able to contribute significantly to the formulation and carrying out of public policy; recognition of the value of governmental support for the international cooperative movement, including through intergovernmental activities; and definition of the responsibilities of the cooperative movement as a major stakeholder in society, to the extent these responsibilities are consistent with its full autonomy.

12. **Special laws on certain categories of cooperatives:** Consistent with the basic provisions of general cooperative legislation, and recognizing the distinctive nature of the business of some cooperatives, it may be appropriate to make special provisions in law for certain types of categories of cooperatives to safeguard their ability to enjoy real equality with other types of associations and enterprises and not be discriminated against because of their special character.

13. **Judicial and administrative practice concerned explicitly with cooperatives:** These must be consistent with the general law on cooperatives and, specifically, with its provisions concerning such practice.

14. **Other laws and practices that may have an effect on cooperatives:** Governments should seek to exclude or eliminate provisions of any law that discriminate against, or are specifically prejudicial to cooperatives. Governments should create an environment that enables cooperatives to identify and communicate cases needing revision.

15. **Monitoring, review and revision of laws and judicial and administrative practices:** This is necessary to ensure that the impact of laws and judicial and administrative practices on the cooperative movement is entirely positive. If identified, discriminatory provisions should be rendered inoperative as quickly as possible pending enactment of revised laws or the issuance of revised regulations and guidelines concerning practice. This process should have as its purpose the early and complete disen-gagement by Governments from the internal affairs of cooperatives and the cooperative movement, where this still exists, and full operational realization of the principles that cooperatives, although different, are equal to other business enterprises and civil associations.

16. For these purposes, formal procedures for consultation and collaboration should be set up and should include regular and full participation by the cooperative movement. Advantage may be taken also of the special programmes and guidelines offered by specialized international cooperative organizations and intergovernmental organizations.
Supportive Environment for Cooperative Development

Research, statistics and information

17. Research: Given the significance of the cooperative movement, it may be appropriate to envisage collaboration between governmental and cooperative movement research on matters relevant to public policy; publication and wide diffusion of research results, including those produced by the international cooperative movement, intergovernmental organizations and the United Nations. Emphasis should be on applied research of immediate utility in improving the efficiency of cooperatives, extending benefits to society and improving partnerships between the cooperative movement and Governments.

18. Statistics: Several measures may be undertaken to improve statistics for and about cooperatives in view of integrating statistics on cooperatives in regular programmes of the national statistical service and participate in international efforts to improve cooperative statistics, including the establishment of a uniform set of definitions for use by national statistical services.

19. Information: Given that Governments regulate and broadly influence information diffusion, a number of measures may be useful in expanding knowledge of the cooperative movement and overcoming prejudices and misconceptions: extension of technical and financial assistance to an extent equal to that made available to other stakeholders; ensuring that no discrimination exists because of the distinctive nature of cooperatives; equal and non-discriminatory access by the cooperative movement to all public media commensurate with its contribution to national life; use of affirmative action to overcome prejudice and misinformation where the term cooperative is associated with a previous and inappropriate usage; diffusion through public media of material on intergovernmental activities undertaken in partnership with or in support of cooperatives; dissemination of printed and computer-based information prepared by governmental or intergovernmental bodies with the same priority and resources as allocated to information on other stakeholders.

Education

20. Given the important contributions of the cooperative movement to education, a number of enabling measures might be useful including the provision of public funds if they are made available to other forms of enterprise for educational programmes. Governments may also consider the inclusion within the national curricula at all levels of the study of the values principles, history, current and potential contribution of the cooperative movement to national society; and encouragement and support of specialized studies in cooperatives at the tertiary level.
Provision of public funds

21. Financial self-reliance, total responsibility and full independence are vital for an effective cooperative enterprise. The best policy approach is one where cooperatives receive the same treatment as any other form of enterprise. A number of other measures are valuable: acknowledgement and protection of the special character of cooperatives and avoidance in law or practice of any discrimination arising from the special financial status, organization and management of cooperatives; avoidance of any direct or indirect engagement in the internal financial affairs of cooperatives or of the cooperative movement and recognition of the full responsibility of the movement for its own financial affairs; and the development of partnerships with cooperative financial institutions in such matters as community and regional development, drawing on their experience of mobilizing and managing capital in a manner and for purposes conducive to the public good.

Institutional arrangements for collaboration and partnership

22. All Government departments and bodies that have contact with the cooperative movement should be aware of, and act consistently with, national policy on cooperatives. In order to ensure consistency, certain coordinating functions within government, as well as liaison with the cooperative movement, will be useful.

23. It is advisable that a single department or office assume central coordinating, focal and liaison functions, of which the following might be most important: elaboration of a single national comprehensive policy in respect of cooperatives, formulation of guidelines for consistent execution throughout government, including monitoring and review of that execution; collaboration with legal departments in drafting the general and any special laws; and liaison, consultation and collaboration with the cooperative movement.

24. The most effective organizational location for the responsible entity would be within a department already charged with broad strategic and coordinating functions, such as the office of a prime minister or president, or that responsible for economic management of development planning.

25. An institutional arrangement which enables regular consultation and effective collaboration between Governments and the cooperative movement would be valuable.

26. Liaison between intergovernmental programmes and the international cooperative movement should be supported.
Annex II

MEETING PROGRAMME

15 May 2002

Session 1:
Opening addresses

_H.E. Mr. Sukhbaatar Batbold_
Deputy Minister for Foreign Affairs
Mongolia

_Mr. Donald Lee_
Department of Economic and Social Affairs,
United Nations

Session 2:
Definitions of supportive environment for cooperatives

Chair:  _Ms. Lucy Ito_
Vice President, World Council of Credit Unions, Inc.

Features or characteristics of supportive environment

_Mr. Ibnoe Soedjono_
Chairperson, Institute for Indonesian Cooperative Development Studies, Indonesia

Supportive environment in the context of the Current political, economic, social, demographic and ecological environment

_Prof. Dr. Hans-H. Munkner_
Consultant, Germany

Supportive environment in developed and developing countries and in the economies in transition

_Prof. Dr. Hans-H. Munkner_
Consultant, Germany
Session 3:

Prerequisites for establishment of a supportive environment

Chair: *Prof. Dr. Hans-H. Munkner*
Consultant, Germany

The role of the State in establishing a supportive environment

*Ms. Lucy Ito*
Vice President, World Council of Credit Unions, Inc.

Legal, judicial and administrative provisions for successful cooperative development

*Prof. Dr. Dante Cracogna*
University of Buenos Aires, Argentina

Cooperative development and local (rural, urban) community

*Dr. Peter Davis*
University of Leicester, United Kingdom

16 May 2002

Session 4:

Prerequisites for establishment of a supportive environment (continued)

How cooperatives and their apex organizations can improve their environment at the local, national and international levels

*Mr. Ravi Shankar*
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The potential role of the United Nations guidelines and the new ILO Recommendation on the Promotion of Cooperatives

*Mrs. Anne-Brit Nippierd*
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Session 5:

The process of creating a supportive environment

Chair:  Prof. Dr. Dante Cracogna
University of Buenos Aires, Argentina

The creation of a supportive environment in theory and in practice

Dr. Hagen Henry
Consultant, Finland
delivered by Prof. Dante Cracogna

An assessment of recent successes and failures in establishing a supportive environment for cooperatives

Dr. Rachel Claire Okani
World Food Programme, Cameroon

Creating a supportive environment for cooperatives through a Framework of Regional Ministerial Conferences

Mr. Garry Cronan
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17 May 2002

Session 6:

Supportive environment for the cooperative development in Mongolia

Chair:  Mr. Sukh-Ochir Bold
Director, Legal and Consular Department
Ministry of Foreign Affairs, Mongolia

The changing environment, the changing role of the State and prerequisites for success

The changing environment for cooperative development

Ms. Tsend Enkhtuya
Executive Director, Moncord Savings and Credit Cooperative Mongolia
The changing role of the State

*Ms. Ingrid Fisher*
Cooperative Development Advisor
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The prerequisites for success

*Ms. Sanjjav Baigalmaa*
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Session 7:

Discussion of conclusions and recommendations

Chair: *Ms. Maria Elena Chávez-Pirson*
Deputy Director-General, International Cooperative Alliance & Coordinator, Committee for the Promotion and Advancement of Cooperatives

How can different stakeholders enhance their collaboration and the effectiveness of their actions to create or strengthen a supportive environment for the cooperative development?

Closing remarks
Annex III

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