

## **Reference Material**

### **Cooperative Advantage / Strengths :**

- Cooperatives are people based and value based economic enterprises, founded upon well-defined ethics and principles, which include “concern for community”. This dual (social + economic) character is unique to cooperatives, which makes them the ideal and in fact, the only vehicle to ensure equitable distribution.
- They have the flexibility to fit into any political system while reinforcing national commitments for equity, democracy and good governance.
- The cooperative sector has an established, institutionalised network right from the primary village level cooperatives to their secondary and tertiary federations at district, state and national levels. Hence they have the ability to reach the unreachable. Through direct contact with members they can identify the most needy.
- Cooperatives are the only means to bring the poorest segments of society into an organizational fold as legally recognized entities, providing opportunities for employment and better income along with the needed support services.
- They serve as a link between policy makers in government and the ultimate beneficiaries at the grassroots (e.g. farmers’ cooperatives), promoting social dialogue.
- Cooperatives are member based, democratically managed institutions bound by their own bylaws and systems of audit etc., ensuring transparency and accountability.

### **Co-operative Weaknesses/Constraints :**

- Lack of professional management
- Lack of resources and disproportionate allocation of resources.
- Wide disparities exist between primary, secondary and tertiary levels of cooperatives. The primaries at grassroots remain small and weak structures while their secondary federations are better off and the tertiaries at apex level are the strongest.
- Lack of conceptual clarity and confusion regarding the roles of government and cooperatives in poverty reduction.
- Political interference, with government using cooperatives as its own agency.
- National cooperative policies are absent in most countries. Existing policies do not allow for autonomy (as in India and Malaysia).

### **Roles of different tiers:**

#### **National Level Cooperatives**

##### **Short Term Role:**

- ◆ Document and disseminate success stories of good cooperatives, as illustrative proof of the useful role of cooperatives in poverty alleviation and their potential use in the PRSP process.
- ◆ Sensitise member cooperatives on the concept of Decent Work, the PRSP initiative in their respective countries and of their potential role in the process (through district, state, national workshops).
- ◆ Review the training system and include PRSP and DW issues in the curricula at all levels - cooperative leaders, managers, primary members, employees, government officials. Develop suitable modules or adapt existing ones.

##### **Medium Term Role:**

- ◆ Influence government to include cooperative sector and concerned ministries in the PRSP process, through consultations.

- ◆ Undertake training of grassroots cooperatives towards strengthening their capacities and awareness on PRSP.
- ◆ Provide required financial support to grassroots primary cooperatives.
- ◆ Formulate projects for micro-enterprise development
- ◆ Develop a mechanism for social audit.
- ◆ Lobby for a progressive National Policy on Cooperatives and legislation (based on ICA Statement of Cooperative Identity and ILO Recommendation No. 193 on Promotion of Cooperatives)

### **Long Term Role**

- ◆ Support grassroots cooperatives in implementation process.
- ◆ Increase the cooperative network through increasing membership and new cooperatives.
- ◆ Allocate resources for member education and financial support to the grassroots.
- ◆ Improve upon support services to the primaries, through strengthening forward and backward linkages, marketing support.
- ◆ Strengthen cooperation among cooperatives. (e.g. consumer cooperatives could provide a market for producer cooperatives).
- ◆ Assist governments in the formulation of a progressive National Policy and legislation.

### **Secondary Federations**

#### **Short term**

- ◆ Initiate awareness on the need for restructuring and revitalization of grassroots cooperatives

#### **Medium term**

- ◆ Undertake restructuring

#### **Long Term**

- ◆ Provide forward and backward linkages, and required support services to their member primary cooperatives.
- ◆ Strengthen cooperation and networking among cooperatives

### **Primary Cooperatives**

#### **Short term**

- ◆ Review membership
- ◆ Identify the poorer sections
- ◆ Undertake a needs identification

#### **Medium Term**

- ◆ Develop a Business Development Plan (BDP)
- ◆ Mobilize own resources through member savings (personal stake holding)
- ◆ Initiate group loan system (to replace the traditional money lender system)

#### **Long Term**

- ◆ Implement the BDP
- ◆ Undertake management of own resources
- ◆ Strengthen linkages with federation for support services.

### **Role of Government**

- ◆ Create an enabling policy and legislative environment, towards deregulation and greater autonomy.
- ◆ Allow cooperatives to manage their own profit allocations for their development, instead of the Registrar.
- ◆ Enable cooperatives to develop their own support services such as HRD, financial services, audit, etc.
- ◆ Introduce social audit
- ◆ Invite the cooperative sector and concerned ministries to participate in the country's PRSP process.

### **Role of International Agencies and Donor Community**

- ◆ Impress upon member states for inclusion of the cooperative sector in the PRSP process.
- ◆ Influence and assist member states in formulating an enabling cooperative policy, based on ICA statement of Cooperative Identity (1995) and ILO Recommendation No. 193 on Promotion of Cooperatives (2003).
- ◆ Undertake documentation and dissemination of success stories at the global level, to influence the national, international and donor community in favour of including cooperatives.
- ◆ Develop and/or adapt existing tools for policy formulation and capacity building, for use at the local level.
- ◆ Assist in organizing national / regional consultations with concerned stakeholders.
- ◆ Donor interest in cooperatives would influence government policy with regard to including cooperatives in the PRSP process.