



Review of International Co-operation

Vol. 96 No. 1/2003

Editor: Maria Elena Chavez

Contents

Editorial by Iain Macdonald.....	3
Overview of the Norwegian Co-operative Movement	
Message from the President of the Organising Committee Steiner Dvergsdal	5
Agricultural Co-operatives in Norway Eugen Tømte.....	6
Consumer Co-operatives in Norway Turid Jødahl.....	9
Co-operative Housing: The Norwegian Housing Model Roy Berg Pedersen.....	13
Norges Råfisklag: The Norwegian Fishery Co-operative Movement Thor E Kalsaas.....	17
A New Legislative Foundation for Co-operatives in Norway Tore Fjørtoft and Ole Gjems-Onstad	18
Co-operative Identity	
Building your Co-operative Identity with .coop and supporting Co-operative Development.....	31
ICA General Assembly	
General Assembly Agenda	35
Schedule of Events.....	37
Draft Minutes of the ICA General Assembly, Seoul (Korea) 17 September 2001	38
Resolutions adopted by General Assembly, Seoul (Korea) 17 October 2001.....	42
Information on Candidates for Election to ICA Board and Audit and Control Committee at the ICA General Assembly 4 September 2003	47
Restructuring of ICA 2003: Proposal of the ICA Board and ICA Rule Changes	49
Rochdale Pioneers Award.....	59

Contents may be reprinted with permission, but citation of source is requested and three copies of the publication concerned should be sent to ICA Review, 15 Route des Morillons, 1218 Grand Saconnex, Geneva, Switzerland.

Editorial

This edition of the Review of International Co-operation is specifically aimed at the ICA General Assembly in Oslo. The Review is therefore concerned to give our readers information about our host country, Norway and its rich co-operative heritage. The Review also includes details of the General Assembly agenda and the schedule for related meetings and other events. It promises to be a very interesting week with hundreds of co-operators expected from all over the world.

Our Norwegian hosts will undoubtedly help to ensure the Assembly runs effectively, but they have a great co-operative tradition of their own. Three different co-operative sectors are represented, agriculture, consumer, housing and – a good example in itself of Co-operation among Cooperators! – and, co-ordinated by our Board member Steiner Dvergsdal, himself a farmer.

Eugen Tømte describes the vast organisation which is agricultural co-operation in Norway, a land of milk and honey, fruit and vegetables, forestry and finance. As elsewhere the agriculture sector is facing increasing competition and its members normally small-scale farmers, know that Co-operation is both a philosophical and a practical necessity.

Turid Jødahl describes the very powerful operation, which is consumer co-operation in Norway. With 25% of the retail market, it is a significant player in Norway's economy. She also describes the creation and operation of Coop Norden which could well be the model for other countries in developing a co-operative answer to globalisation.

Housing co-operatives are also subject to close scrutiny as a possible answer to the world's housing problems. Over 15% of Norway's total housing stock is co-operative, writes Roy Berg Pedersen, who describes this sector. Market place competition is also a challenge, but the article presents a very confident image which again shows the strength of co-operative enterprise.

Thor Kalsaas describes the fishing co-operative movement in Norway, the second most important area of Norway's economy. It's good to see that co-operatives are thriving in this sector as well!



Iain Macdonald

Tore Fjørtoft and Ole Gjems-Onstad's article on legislation highlights a significant area of work in today's Movement. More and more attention is being paid to the importance of legislation and their in-depth article will be of considerable use to the Movement internationally. Indeed the Legislative Forum on Monday, 1 September will be one of the main events during Assembly week.

DotCoop seems to have been with us a long time now but it is only two years old! Its promoters never miss an opportunity to promote its benefits and quite right too. In the United States it is seen as a very necessary tool to highlight our Co-operative Identity, particularly important in the heartland of the unfettered free market economy! But it is showing some significant successes and I urge all co-operative organisations to identify with it. We live in an increasingly technological age and it is important that the Movement keeps ahead of the game. DotCoop gives us that opportunity.

The Assembly itself emphasises its theme of "Economic, social and democratic development, through Co-operation". Led by Juan Somavia, Director-General of the International Labour Office and our own former President Roberto Rodrigues, now Minister for Agriculture in President Lula's Brazilian Government, the agenda is designed to show how co-operatives can provide possible solutions to some of the world's most intractable problems, such as poverty and hunger. This is no magic wand stuff, just a cold hard look at what is possible and indeed what is already happening. We need to tell the world what we are doing and what we can do.

Our Regional Directors are joined by practitioners from all four corners of the world so that we keep our feet firmly on the ground!

All our specialised organisations and committees are represented in Oslo and a very comprehensive programme of meetings, seminars and study tours cater I think for all tastes and interests.

Of course the General Assembly itself has important statutory business. Elections to the Board will be held and members will consider the proposals of restructuring.

The Seoul General Assembly set up a Task Force to review all aspects of ICA and its findings are contained in this Board report. I think you will agree it is pointing us in the right direction. The Rule changes are I hope fairly understandable!

Lastly my congratulations to Lloyd Wilkinson of the United Kingdom and Francisco Luis Jiménez Arcila of Colombia in being presented jointly with this year's Rochdale Pioneers Awards - richly deserved in both cases.

Enjoy the Assembly.

Iain Macdonald
ICA Director-General

OVERVIEW OF THE NORWEGIAN CO-OPERATIVE MOVEMENT

Message from the President of the Norwegian Organising Committee

Steiner Dvergsdal*

One of the main challenges for co-operative societies all over the world is to define the co-operative difference. One of the significant differences is the contribution co-operatives make to the building and development of democratic structures - locally and globally. Another difference is that the profit co-operatives make is shared democratically - based on participation in the business itself - not based on how much money you are putting into the business as a capitalist. Of course we do business. But we do it the democratic way!

To highlight this difference, the Norwegian Co-operative Movement would like to welcome you all to the ICA General Assembly and related events in Oslo!

Your hosts for the Assembly are:

- * Coop NKL (the consumer co-operatives),
- * the Norwegian Federation of Co-operative Housing Associations (NBBL) and
- * the Federation of Norwegian Agricultural Co-operatives.

We are pleased to be able to introduce you to these organisations with the information that follows, but also allow you to discover in what other areas co-operatives are active. We would also like to share some information on a recent initiative to introduce co-operative legislation in our country.

Our movement brings together approximately 1.8 million members, about 1/3 of the Norwegian population.



Steiner Dvergsdal

Coop, the consumer co-operative, has a market share of about 25 % in the retail market, and the agricultural co-operative brands TINE (dairy), Gilde (meat and beef) and Prior (eggs and poultry) are considered to be among the most reliable according to annual consumer polls. Despite this, we like many of our colleagues must still make a concerted effort to make the co-operative model more known and appreciated. We are hoping that with colleagues from the international co-operative movement we will be able to promote our Co-operative Identity.

We look forward to seeing you in Oslo and hope too that you will be able to take some time to visit our country -- the fjords, the glaciers and experience the magic of the midnight sun.

Welcome to Oslo!

* Steiner Dvergsdal is President of the Norwegian Organising Committee for the ICA General Assembly and an ICA Board Member. E-mail: Steinar.Dvergsdal@landsam.com

Agricultural Co-operatives in Norway

Eugen Tømte*

History

The Norwegian agricultural co-operative movement was founded in 1856 with the establishment of a small dairy co-operative. Over the following 50 years small local co-operatives were established in all agricultural sectors.

Real growth of the movement can be traced to 1920 when, as in many other countries, agricultural markets were experiencing severe difficulties. Establishing co-operatives helped farmers to overcome these problems. They also enabled farmers to take part in developing agro-industry as a vehicle to assure that farmers received a fair share of the increased value of their production. In this period too, Norwegian authorities supported the development of the agricultural co-operatives in a variety of ways, much of which continues to this day. As a part of the growth, local co-operatives in each sector started to co-operate at regional and national level in a federative system.



The Federation of Norwegian Agricultural Co-operatives is a professional body and central meeting place for agricultural co-operatives. The goal of the organisation is to promote co-operation among farm organisations to the best economic and political advantage of the farming community.

Today's Agricultural Co-operatives: The Federation of Norwegian Agricultural Co-operatives



Eugen Tømte

During the last five years co-operatives in most of the agricultural sectors have been re-organised from a two or three-level federative organisation into a one-level organisation, where all members have direct membership at the national level.

The Federation has 15 national member organisations from a variety of sectors including milk, meat, eggs and white meat, fruit and vegetables, potatoes, honey, furs, purchasing and marketing, animal breeding, forestry, finance and insurance. Detailed information on each of the sectors in which the Federation is active is found below.

Milk: The milk co-operative sector brings together 20,000 individual members which are represented in one organisation – TINE BA. In 2002 all milk co-operatives merged into TINE, a very strong brand name in Norway offering more than 200 dairy products including Jarlsberg cheese which is exported around the world. With 5,400 employees and an annual turnover of NOK 13 billion, TINE runs 60 milk-processing plants around the country. It is a strong organisation, holding 99% of the market share for raw materials, 98% of milk products and 80% of cheese production at the national level.

Meat: The Norwegian Meat Co-operative handles beef, pork and lamb. The organisation has 32,000 members and 6,000 employees. It is responsible for 75% of the market share and 53% of processed products. The Co-operative's brand "Gilde" is also well known and well appreciated by customers throughout Norway as well as abroad as it is an important

* Eugen Tømte is Assistant Director of the Federation of Norwegian Agricultural Co-operatives. E-mail: Eugen.T0xL19Bzmte@landsam.com

exporter of meat. The Meat Co-operative has reported an annual turnover of NOK 11 billion.

Eggs and white meat: Prior Norway is a co-operative owned by 1,420 farmers. The breakdown of the membership includes 825 egg producers, 440 involved in poultry production, and the remaining farmers engaged in production of turkey, duck or a combination of all of the above. Prior runs three slaughterhouses, six egg packing stations and two processing plants and it operates a hatchery. With 1,400 employees and an annual turnover of NOK 2.2 billion, Prior holds 70% of the market for eggs and 85% for white meat.

Fruit and vegetables: Gartnerhallen is the co-operative sales organisation for horticulture producers. Gartnerhallen does not have its own process industry or distribution systems, but collaborates with other market players. Gartnerhallen handles 60% of the total horticulture production of Norwegian farmers including potatoes for direct consumption. The co-operative has 1,900 members, 32 employees, and an annual turnover of NOK 800 million.

Potatoes: Norwegian Potato Industries (HOFF) processes potatoes into starch, alcohol, chips and other potato products. It is owned by 4,000 farmers, and controls 35% of the market for potatoes for industrial processing. HOFF employs 300 persons and has an annual turnover of NOK 450 million.

Honey: Honningcentralen is the co-operative sales organisation for honey producers. It counts 1,900 members and is responsible for 65% of the total sale of the Norwegian honey production. Its annual turnover amounts to NOK 44 million.

Fur: The Norwegian Fur Breeders Association brings together 1,400 fur breeders who work through this co-operative to commercialise fur products mainly for export.

The Association puts into practice the Co-operative Principle of co-operation among co-operatives as it works with other co-operatives in the Nordic countries. It counts 100 employees and an annual turnover of NOK 345 million. There is also co-operation with co-operatives in the other Nordic countries.



Animal breeding: There are a number of farmer owned co-operatives involved in animal breeding in Norway. Farmers involved in pig breeding are members of Norsvin. It has 2,700 members, 64 employees and the annual turnover of NOK 83 million. Dairy cattle breeders are members of Geno. Geno has 20,000 members, 285 employees and an annual turnover of NOK 225 million.

In each of these organisations members take an active part in the breeding programmes. Both organisations also have an export strategy for genetic material.

Cereals, feed, and supplies: The Agricultural Purchasing and Marketing Co-operatives are active in a number of areas. They are sales organisations for cereals and agricultural inputs; purchasing organisations buying nearly half of the cereal crop produced in Norway and production organisations producing feed concentrate. The organisation has nearly 55,000 members, 1,700 employees, and an annual turnover of NOK 7.7 billion. It holds 70% of the market.

The Agricultural Purchasing and Marketing Co-operatives continues to be organised as a two-level federation with 5 regional organisations.

Forestry: The Norwegian Forest Owners' Federation is a co-operative organisation consisting of 8 regional associations and 380 local associations with 45,000 members throughout Norway. It is an economic organisation involved in marketing round wood and other forest products and working for technical progress among its members. The organisation is also a considerable shareholder in Norwegian forestry industries with the goal of securing the market for its products.

The Norwegian Forest Owners' Federation has a market share of nearly 80% for timber and an annual turnover of NOK 2 billion.

Finance: Landkreditt is a credit union which aims at providing long-term loans to farmers. The union now has 11,500 members. Landkreditt recently established a 100 % owned business bank, which offers a wide range of banking services.

Insurance: Gjensidige NOR Forsikring is a mutual insurance organisation. The company has a market share of more than 70% in agriculture. Gjensidige NOR Forsikring is part of a finance company.

The challenges of tomorrow and beyond

Agricultural co-operatives have a good reputation in Norway, both among farmers and in the marketplace. They continue to have strong public and political support; however, given the changes in agriculture, in the market and in political conditions, the agricultural co-operative movement will need to work hard to meet the various challenges detailed below.

Significant reduction in number of farmers: Norwegian agriculture is characterised by small-scale family farms. During the last decade, Norwegian agriculture has seen an average reduction in number of farm units of approximately 3% per year. Today, that rate of reduction is on the rise. One of the main reasons for the reduction is that farming can not compare with the income earned in other sectors. Farmers' incomes continue to be low.



Increased competition: Today's farmers are also faced with tougher competition which translates into increased competition for their co-operatives: increased international trade; increased concentration of retail chains; political wish for more competition; new attitude among farmers. To maintain the generally high market shares of co-operatives will require them to make great efforts.

Structural changes in industry: Changes in the market, more international trade, structural changes among members and constant need for increased cost efficiency are some of many factors leading to a need for structural changes in the co-operative industry. To do the necessary adaptations in the industry without losing member's influence and the co-operative identity is a challenge we will have to face.

Increased capital requirements: The capital situation in the agricultural co-operatives is so far good. Adaptation to new conditions in the years to come may however lead to the need for more capital. To raise funds from members or from other sources without sacrificing members' control is critical for the further development of co-operatives.

Maintenance of active owners and democracy in large co-operatives: The real force of co-operatives is participating and active members. The necessary development with concentration and enlargement of the organisations will also lead to an increased distance between the members and the co-operatives, both practically and mentally. To maintain co-operative democracy and an active membership is key for the further success of the co-operatives.

Consumer Co-operatives in Norway

Turid Jødahl*



Who we are and how we work

Coop is the only consumer-owned groceries company in the Nordic region. Its 222 co-operatives in Norway own and run more than 1,300 shops nationwide and are responsible for 25% of the retail market with annual turnover of NOK 27.5 billion in 2002. Coop employs a total of 20,500 individuals of which 18,000 work in the co-operatives themselves.

The consumer co-operative movement has 7,000 member representatives who are spokespersons for all of Coop's members throughout Norway. They work at three levels: in the individual co-operatives, in Coop's district associations and at Coop's annual General Assembly.

The distinctive character of Coop is that it is owned by 930,000 consumers who receive their share of its profits and enjoy membership benefits. Membership, which is open to all, allows individuals to influence the company, but also share in its profits. Member dividends are distributed based on how much the member buys during the year and are calculated according to a percentage rate established by the member co-operative's board. Since 1996, Coop has paid out nearly NOK 3 billion in dividends to its members.



Coop's core value is about having faith in this distinctive character as a co-operative. This is made visible through financially efficient and professional operations so that members and consumers obtain the greatest possible benefits.



Turid Jødahl

For example, Coop gives priority to efforts to have safe, environmentally-friendly goods in its shops; and ensures the increased sustainability of raw-material production and traceability of products from the farm to the table.



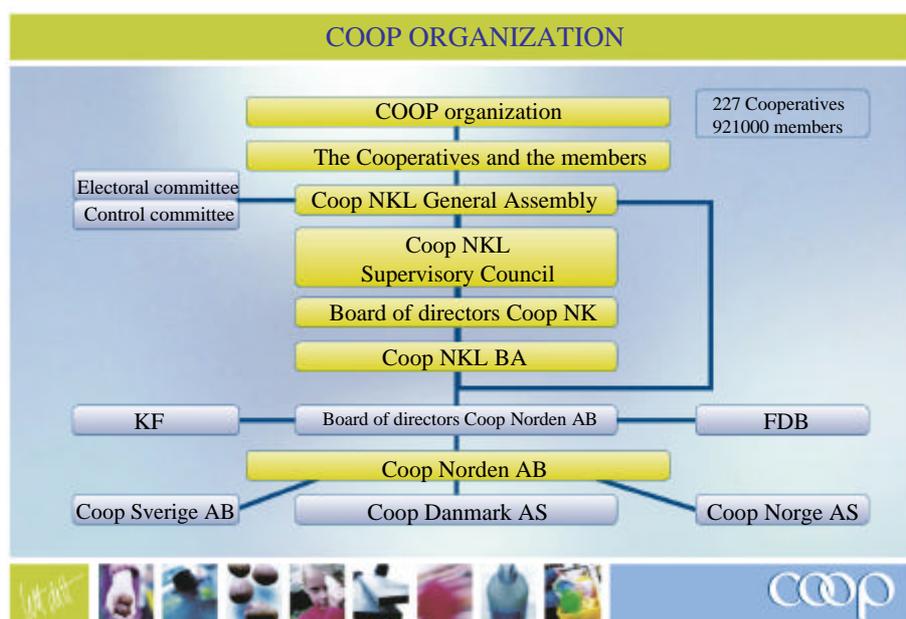
Coop was also one of the driving forces behind the Initiative for Ethical Trading Foundation (IEH) which aims to ensure that Norwegian imports contribute to healthy, social and financial development in the countries that produce goods for the Norwegian market. One particular example of a Coop initiative is the "fair trade" coffee launched under the name - Coop Café Futuro - in 2001.

* Turid Jødahl is the Industrial policy Director of Coop NKL BA. E-mail: Turid.Jodahl@coop.no

Coop also has a long tradition of being involved in development co-operation. In collaboration with the Swedish Co-operation, Coop is involved in a plant cultivation project in Kenya, Tanzania and Uganda. “Vi Forest” has benefited more than 100,000 families and almost 1 million people providing them with the capacity to help to help themselves through the project.



Coop NKL – The representative organisation of consumer co-operatives



Coop NKL BA is owned by the consumer co-operatives and is their common organisation. Coop NKL BA also has a 20% interest in Coop Norden AB, the company owned by Nordic consumer co-operatives. As a co-owner of Coop Norden, it aims to safeguard co-operatives’ interests, to help to achieve the best possible

framework conditions for co-operatives and be a strategic and commercial driving force in the development of co-operatives.

Coop NKL also provides savings, finance and property management services; it obtains benefits for its members; represents Coop in public bodies; helps strengthen co-operatives as an operational form and makes the distinctive character of co-operatives visible.



The organisation’s supreme body is the General Assembly, which consists of 100 representatives from its member co-operatives. The Coop NKL’s Supervisory Council and Board are elected at the General Assembly. The General Assembly stipulates strategic guidelines for the operations and manages the organisation’s assets.

Chain	No. of shops	Sales Millions of NOK excl. VAT	Position in market 2002
Coop Prix	325	6400	Low-price chain
Coop Mega	159	7400	Supermarket chain with a wider variety of food
Coop Marked	390	3 800	Local shops
Coop Obs! Coop Obs! Bygg	21	4 700	Department stores – one stop shop experience including electrical goods, textiles, kitchenware and homeware, sports goods and shoes

Coop Norge AS – Purchasing, supply, chain operations and marketing

Coop Norge AS is a subsidiary of the Nordic group Coop Norden and is responsible for purchasing, the supply of goods, chain operations and marketing.

In Norway, every fourth bag of groceries comes from one of Coop's shops: Coop Marked, Coop Prix, Coop Mega and Coop Obs! Coop also sells various types of kitchenware and homeware, sports, do-it-yourself and electrical goods from shops such as Coop Kjøkken & Hjem, Coop Sport, Coop Byggmix, Coop Obs Bygg, Ideel and Power Coop. There are approximately an additional NOK 5.2 billion in sales by co-operatives through other retail chains.

Coop also owns companies manufacturing goods worth approximately NOK 1 billion per year (Coop Kaffe, Margarinfabrikken Norge, Røra and Goman). Annual sales of its own brand names amount to NOK 4.3 billion (XP, Coop, Coop Natur, Goman and Røra).

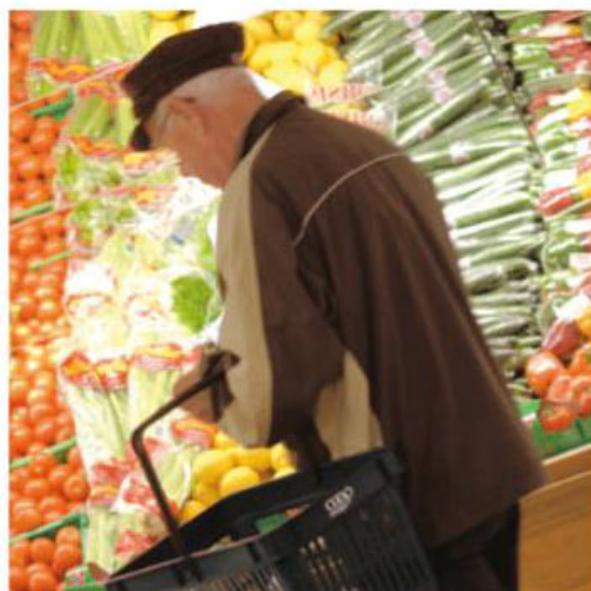
Coop Norden AS – Jointly owned Nordic Company

Coop Norden AB is a private limited company owned jointly by three associations: FDB Fællesforeningen for Danmarks Brugsforeninger (Denmark), Coop NKL (Norway) and KF Kooperativa Förbundet (Sweden). Its head office is in Gothenburg, where its corporate management is located.

Coop Norden has a clear consumer co-operative identity and aims to be the Nordic region's leading and most innovative retail trade company.

Its operations are based on the Nordic Value Compass - common values on which all co-operative activities are based: confidence in the distinctive character of Coop Norden as a member-owned company and influence, consideration, honesty and innovation.

On 1 January 2002, Coop Norden was launched and became the largest groceries company in the Nordic region.



It has brought together the groceries operations of Coop Danmark, Coop Norge and Coop Sverige representing 3,000 shops, 64,000 employees and 5 million members.

- * Coop Danmark has 38% of the Danish groceries market and has sales of NOK 30.45 billion (ex VAT). (2001)
- * Coop Norge has 25% of the Norwegian market and has sales of NOK 20.5 billion (ex VAT). (2001)
- * Coop Sverige has 24% of the Swedish market and has sales of NOK 31.5 billion (ex VAT). (2001)

Holding 29% of the total groceries trade in Scandinavia makes Coop Norden a formidable competitor.

However, Coop Norden knows that co-ordination on every level will be needed to be able to face an increasingly competitive market, and ensure long-term competitive capability.

Coop Norden demonstrates that co-operatives can take advantage of globalisation while still retaining national preferences for products and services and thus also protecting local jobs and livelihoods.



Co-operative Housing: The Norwegian Housing Model

Roy Berg Pedersen *

Introduction

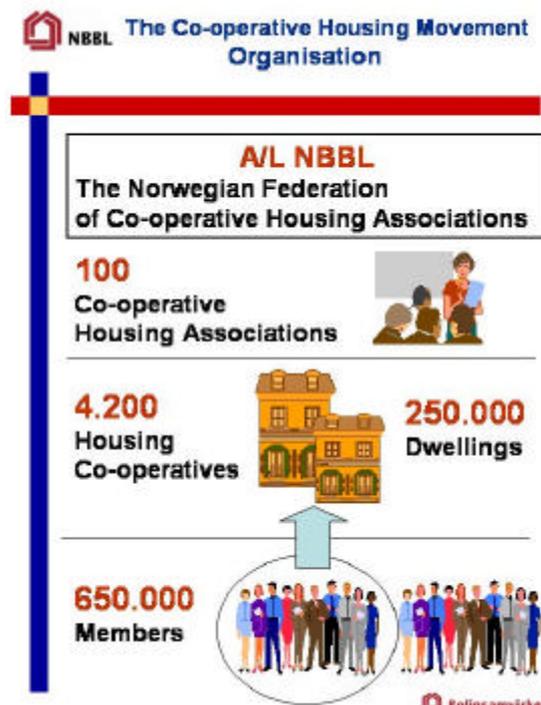
Norway, like many other countries in Western Europe has transformed from a rural society 150 years ago into a modern welfare state. The development of housing co-operatives has had a special role in this transformation. They were in post-World War II Norway, one of the main instruments in creating this welfare society. Even today, with market liberalism in focus, the Norwegian Housing Co-operative Movement plays an important part in the development of the welfare society.

Housing co-operatives today are found in all urban areas and hold a significant share of the housing market in cities. For example in Oslo close to 40% of all housing is co-operative. At the national level, housing co-operatives hold over 15% of the total housing stock.

The Norwegian Co-operative Housing Movement counts approximately 100 co-operative housing associations serving over 660,000 individual members. This is a high figure given that the Norwegian population is just over 4.5 million.

The Movement regroups 250,000 housing units in close to 4,500 associated housing co-operatives of varying size, ranging from 47 to approximately 180,000 individual members.

These associations form the Norwegian Federation of Housing Associations (NBBL), the umbrella organisation for co-operative housing associations. NBBL serves their members through a broad range of activities, ranging from representation before Parliament to developing and providing a variety of benefits, products and services.



History

In 1945, following World War II, Norway faced the major challenge of reconstruction to repair damage caused by the war. There was a desperate need for more housing units and for better housing but the economic situation of the country was still fragile, marked by a shortage of goods, lack of capital and a need to develop all sectors in the society.

Following WWII there was a general consensus in the Norwegian Parliament that serious attention was needed to solve the housing deficit. Their goal was to provide the entire population with adequate dwellings as soon as possible and to enable as many households as possible to own their own home, either individually or through joint ownership in housing co-operatives. This was the basis of the 'The "Norwegian Housing Model", an enabling model.

* Roy Berg Pedersen is Deputy Managing Director of the Norwegian Federation of Co-operative Housing Associations (NBBL). E-mail: rbp@nbbl.no

In the enabling environment set up by the Norwegian Government one key strategy was the division of responsibilities between three parties mutually responsible for Norway's social housing policy: the State Housing Bank which provided affordable finance for housing development; the Municipalities providing affordable and serviced land; and the private sector of which the Co-operative Housing Movement was the biggest single player in charge of housing delivery.

The Norwegian State Housing Bank

The Norwegian State Housing Bank was established in 1946 as part of a strategy to improve access to credit for all categories of house builders. Since then it has been the central government's main instrument for implementing its national housing policy.

The Housing Bank granted loans for the construction of new houses which covered up to 70 – 80% of the building costs, secured with a first mortgage on the property. In the first decades after WWII when the housing shortage was still severe, interest rates on loans were heavily subsidised by the central government. In addition the repayment period was extended to 50 years and was based on the principle that expenses for housing should not exceed 20% of a normal worker's income. This principle was abandoned at the beginning of the 1980s.

Today, Norway's credit policy is increasingly being influenced by market values and has to some extent changed. Low-income households have greater access to grants and subsidised loans from the State.

Loans are still granted to all house builders, based on minimum and maximum standards, but the terms are less favourable. Interest rates are no longer heavily subsidised, so that the difference between the interest rates offered by the State Housing Bank and other financial institutions is marginal, and the repayment period is limited to 30 years. Practically all co-operatives are primarily financed by a first priority loan granted by the State Housing Bank. This loan generally covers up to 60-70% of the building costs. The rest of the capital must be paid directly by the buyer.

The municipalities

The municipal authorities have played another key role on the Norwegian housing scene. Municipalities were made responsible for providing affordable land and infrastructure for housing development. This included leasing publicly-owned land to developers as well as actively acquiring new land, which was subsequently transferred to the housing sector. They were and continue to be crucial in facilitating construction of housing through physical planning, making available building plots, providing residential areas with the necessary infrastructure and services and solving particular social housing issues.

The municipalities also play a role in the State Housing Bank's lending process. They are asked to assess and give priority to applications for loans. In addition, the municipalities play an active role as developers for certain specific groups of the population for example, the elderly, the disabled and the socially disadvantaged.

The Co-operative Housing Movement

As early as the 1920s, the labour movement initiated several Co-operative Housing Associations in the major cities of Norway. They took the form of limited housing co-operatives or closed co-operatives which disbanded as soon as the dwellings were built.

Ideas emerged on how to secure continuity in housing production and how to take advantage of the technical skills being developed. A "House-building Co-operative" was seen as the solution. In this model, when the initial co-operative partners had secured a dwelling, they would form a separate legal unit, a "daughter co-operative" but at the same time keep their membership in their "mother co-operative" which would remain the "House-building Co-operative". In this way they would continue to work for the construction of new dwellings in solidarity with the people still in need of housing.

Up until 1960, the Co-operative Housing Movement was regulated by its own practices and bye-laws. However, in 1960 a special Act was passed in the Parliament

regulating the relationship between individual Housing Co-operatives and the Co-operative Housing Association, as well as the general organisation of these institutions. The Act was based on the existing co-operative practice.

A revision of the Act is now in process. NBBL has been a member of the committee that is revising the text. The general tendency for the future Act is to loosen the ties between mother and daughter co-operatives and with an increased right for the latter to self-determination on administrative and economic matters.

NBBL Services

The Co-operative Housing Associations offer a wide range of services to the housing co-operatives and their members, services that no other management companies can provide today. NBBL's ambition is to continue to be regarded as the complete provider of services to the housing co-operatives and their members.

NBBL's core activities include:

- * Building dwellings for the members and the housing co-operative
- * Managing existing dwellings
- * Accounting services for the housing co-operatives
- * Payment of bills and taxes for the housing co-operatives
- * Follow-up of joint costs payments (tenants, monthly rent) and debt collection
- * Preparation of the Annual report for the housing co-operatives
- * Presentation of a budget
- * Participation in the General Assembly of the housing co-operatives
- * Ensuring proper insurance cover for housing co-operatives
- * Ensuring that the housing co-operatives have an auditor
- * Providing consultation services
- * Acting as real estate agents for their members
- * Establishing a variety of attractive services for housing co-operative members.



Market competition

In Norway there has been a close collaboration between the three key agents on the housing scene: the co-operative housing movement, the central government and the municipalities. The Norwegian authorities actively supported the co-operative housing movement in a variety of ways. The co-operatives were granted priority in the public system of financing dwellings, and in allocation of serviced land. The co-operative housing associations were often viewed as the municipality's "right hand" in the housing market. The Municipality was and still is represented on the Board of Directors in several of the Co-operative Housing Associations.

The housing-co-operative movement is, however, independent from the public sector and operates in the private sector. As State Housing Bank subsidies diminish, as well as the supply of affordable land from the municipalities, the Co-operative Housing Associations are today finding themselves operating more and more on market terms in competition with other private stakeholders.

Market competition has also been introduced with respect to the rules for selling

co-operative housing units. Should a member wish to terminate his membership in the co-operative, in popular terms “to sell” his flat, the documents of access to the unit must be transferred to a new incoming member. Today these documents are traded on the open market. Historically, however, and for nearly three decades after WWII, trade was restricted by so-called maximum price limitations which were part of Government credit policy. These restrictions were specifically designed to hold the prices at a substantially lower level than their market value in order to link subsidies to the co-operative unit as opposed to the individual member. The system proved to be a solid, non-corrupt system for trade, but was subject to massive criticism from some of the existing members.

Today the members (shareholders) of the co-operative housing society as well as the members (shareholders) of the Co-operative Housing Association are entitled to pre-emption of the flat when the price is set in the market. This right is used in an increasing number of sales. Approximately 21,000 flats are “sold” by members annually. New shareholders must become members of both the co-operative housing society as well as the Co-operative Housing Association before formally taking over the flat. This right of pre-emption is expected to remain in the revised Co-operative Act.

Co-operative challenges

Co-operatives face many challenges in the market economy. The political support of the co-operative movement in Norway is much less favourable than before. The market economy implicates that co-operatives must compete on market terms. We must, however, have in mind that in co-operative organisations all activities are based on member democracy. Members must benefit from their participation in the co-operatives. This is also a challenge

for the future of co-operatives.

How co-operative organisations raise capital for investments and security is another challenge. The meaning of the word “non-profit” must include possibilities for creating strong and lasting co-operatives, including economic reserves to meet future stormy days in the economy.

The co-operative housing movement and NBBL have managed to improve and reorganise their work to face these new challenges. Today, an increased number of co-operative dwellings are being built in Norway, and the up-grading and renewal of the existing housing stock is quite extensive. Housing for the elderly, young people and special social groups are new challenges on the housing scene. Many housing co-operatives in Norway are now taking part in environmental pilot projects.

While the co-operative housing movement has traditionally worked with the governmental authorities to achieve goals, internal co-operation is now essential to be competitive on the market. This is especially important when dealing with the increasing strength of contractors and suppliers. In order to avoid having banks, insurance companies, contractors and others dictating the terms of activity, the movement must co-ordinate the total purchasing and competitive power of the co-operative organisation. It must aim at exploiting all of the possibilities that are represented in its total size in order to obtain an optimal result for its members.

Our vision for the future is to continue to build and manage good homes and good neighbourhoods for our members and for the Norwegian people; to be the providers of all of the services required by our members, in a way that takes care and leads to sustainable development of the housing sector as well as of the society as a whole.

Norges Råfisklag: The Norwegian Fishery Co-operative Movement

Thor E Kalsaas*



NORGES RÅFISKLAG

The organisation

Norges Råfisklag was established in 1938 as a fishermen's co-operative. Today it is one of the six active fisher organisations in Norway which legally share all first hand sales of fish and shellfish (with the exception of farmed fish) in accordance with the Raw Fish Act of 14 December 1951.

Norges Råfisklag is a key player in the Norwegian economy given that the fishery industry including fish farming is the second largest export industry in Norway after oil and gas.



Activities

Norges Råfisklag has the legally protected right to the first-hand sale of groundfish (fish of the Gadidae / cod family), shellfish / crustaceans, molluscs and whale caught in the area from Kristiansund in the south, to the Russian border in the north-east. These catches are mainly from the Norwegian coast and the Barents Sea.

The aim of the organisation is to ensure stability and ensure equal and fair conditions of competition for the fishermen and seafood industries. Norges Råfisklag's main responsibilities include the organisation of first-hand sales between fishermen and seafood industries; negotiating and setting minimum prices; guaranteeing payments; control and monitoring of fishing quotas, resources and trade rules; market analysis and ensuring high levels of seafood quality.



Thor E Kalsaas

In 2002, Norges Råfisklag sold the catches from approximately 6,100 fishing vessels to 275 different seafood industries along the coast. These sales represent about 300,000 single catches or 585,000 tons. The sale price of the catch can vary and includes a set minimum price system, contract sales and auctions. The value of these catches in 2002 amounted to NOK 5.8 billion.



* E-mail: Thor.E.Kalsaas@rafisklaget.no.

A New Legislative Foundation for Co-operatives in Norway

Tore Fjørtoft and Ole Gjems-Onstad*

Abstract

In 2002, a Norwegian Law Commission presented an extensive report with a proposal for a Norwegian statute on co-operatives. If enacted, this Norwegian law on co-operatives may deserve the attention, not only of the co-operative sector in the neighbouring Nordic countries, but also of the international co-operative community.

The Norwegian Co-operative Law Commission unanimously recommended the adoption of a Norwegian act on co-operatives (Norwegian Governmental Commission Report – NOU 2002: 6). This proposal represents the fifth attempt in approximately one hundred years to adopt general co-operative legislation in Norway. The report has been subject to a customary consultative procedure by the Ministry of Justice.

The report has received much interest from the co-operative sector, but not from the public at large. During the consultative round, 47 organisations and individuals have submitted comments. A compilation of the comments made by the Ministry of Justice totals 168 pages. The great majority of the comments are in favour of adopting a law much like the one proposed by the law commission.

The four previous attempts at proposing an act on co-operatives were unsuccessful, due to resistance from the co-operative sector. This time, the strongest objections are voiced by three bodies representing competitors of the co-operative sector. They state that The Co-operative Law Commission has not given enough importance to competitive conditions especially in the agricultural area.



Tore Fjørtoft



Ole Gjems-Onstad

This fifth time around, the co-operative sector itself appears to be, on the whole, rather strongly in favour of having the draft law adopted.

The Nordic countries differ in their regulatory approach to co-operatives. Finland (since 1909) and Sweden (since 1895) have for many years enacted laws on co-operatives. In Denmark and Norway, due to objections from the co-operative sector, proposals to enact laws on co-operatives have been rejected. In Norway, this situation may now change.

This article provides information on some core features of the commission report. It also offers a brief presentation of the historical background and the present situation. Finally the article is concerned with the consultative round and the process ahead.

Introduction

A new statute on co-operatives would fill a lacuna in Norwegian company law. During the last quarter of the twentieth century, most of the law in Norway concerning different legal persons and organisations was codified. In 1980 an act on foundations (stiftelsesloven 23 May 1980, No. 11) was passed and in 1985 an act on partnerships and limited partnerships (selskapsloven 21 June 1985, No. 83).

* Tore Fjørtoft (1973) is Legal Adviser at the Ministry of Justice in Norway, where he is in charge of contract law and co-operative law. He was a secretary for the Norwegian Co-operative Law Commission that submitted NOU 2002: 6.

Ole Gjems-Onstad (1950) is professor of tax law at the Norwegian School of Management, the University of Oslo and the University College of Stavanger. He was the chairman of the Norwegian Co-operative Law Commission.

At present, non-profit associations and co-operatives constitute the un-codified area of organisational law. There is no indication that a law on non-profit associations is forthcoming. The case concerning co-operatives is quite different, as the co-operatives are more significant players in the Norwegian economy and society.

Prevailing Norwegian co-operative law is case-based, apart from two specific acts governing building societies (Act of 4 February 1960, No. 1) and housing co-operatives (Act of 4 February 1960, No. 2). A governmental law Commission was appointed in 1999 to consider the need for a general act on co-operatives and to work out a draft law. On 5 March 2002 the Norwegian Co-operative Law Commission handed over its report to the Minister of Justice. (See: <http://www.odin.dep.no/jd/norsk/publ/utredninger>) The Commission unanimously recommended the adoption of an act. Its report represents the fifth attempt in a century to adopt general co-operative legislation in Norway.

The mandate of the Commission referred back to the four previous efforts to enact statutes on Norwegian co-operatives during the 20th century. When the first Norwegian Corporation Act was prepared, a proposal on a Co-operatives' Act was also put forward (Odelstingsproposisjon No. 28 1900-01), but this proposal was not approved by Parliament. Another Commission set up in 1922 submitted another proposal in 1925, again to be rejected. The exercise was repeated in 1936, with that Commission's draft also rejected in 1937. In 1953 a fourth Commission was set up with a limited mandate, that of discussing the need for an Act on Consumer Co-operatives. Nothing came of it.

After four fruitless attempts within a period of 53 years, one may understand why it took another 46 years before a Norwegian government again thought it worthwhile to set up another commission to consider the need for a Co-operatives Act.

The situation in other Scandinavian is mixed. Sweden and Finland have co-operative legislation while Denmark does not. In Sweden, co-operatives are regulated under the Act on Economic Associations (lag 1987: 667 om ekonomiska föreningar). Sweden has been enacting acts on economic associations since the end of the 19th century. The first Finnish Act on co-operatives was enacted in 1909. The current Finnish Act was adopted on 28 December 2001, and entered into force on 1 January 2002. Denmark has twice had commissions drafting acts on co-operatives (1910 and 1986 – Betænkning No. 1071 1986), but no proposal for a law has been sent to Parliament. The resistance from the Danish co-operative sector has been considerable whenever the idea of a general law has been raised. There have also been comments in the Danish co-operative press questioning the need for a Norwegian report of 447 pages on the need for an extensive and detailed statute for a sector that may appear to function reasonably well on its own.

One of the main reasons that past efforts to draft co-operative legislation in Norway failed seems to be linked to the fact that the co-operative sector itself does not support the initiative. Traditionally the co-operative sector in Norway has preferred to evolve without a restraining act. In a report published in 1997 the Norwegian Standing Committee on Co-operative Affairs ("Samvirkeutvalget"), a joint forum for co-operatives in the four largest sectors, seemed fairly sceptical as to the need for an act on co-operatives. When The Norwegian Co-operative Law Commission was appointed in 1999, it was not greeted with any notable enthusiasm by the co-operative sector. The consulting comments may reflect that this attitude has changed or at least, been greatly modified.

Some of the core features of the Commission's report are presented below with special focus on the discussion for and against legislation on co-operatives in Norway, and the draft law. Reactions to the Commission report and next steps will also be commented on following a brief description on the Movement itself.

Co-operatives in Norway Today

In Norway there are four large co-operative sectors: agriculture, fishing, consumer and housing. Co-operatives are also organised in many other parts of economic and social life. There are business co-operatives such as transport co-operatives and energy supply co-operatives, as well as smaller co-operative organisations in health-care and rehabilitation, school, local radio and TV production, library, laundry, cold store, bakery, water supply, museum, recreational facilities etc.

Is a General Act on Co-operatives needed in Norway?

The legal Commission emphasised that there is a need for organisational structures to encourage active member participation in both economic enterprises and other parts of social life. From a social perspective it is important that the co-operative form represents a real alternative organising economic activities.

At the same time, the Commission pointed out that the lack of a general act on co-operatives hampered the establishment of new co-operatives. The commission referred to statistics showing that only 0.4 % of all enterprises established in Norway in 2000 were co-operatives (building and housing co-operatives are not included in this figure). According to the Commission, this indicates that the co-operative form is too unfamiliar, too anonymous and too incomprehensible. Established co-operatives, however are not as convinced that the co-operative organisational form may be too unclear to be applied by new enterprises.

Some argue that there is no need for an act on co-operatives in Norway because Norwegian co-operatives have managed well without a general act for nearly 150 years. The Commission found it difficult to evaluate the validity of such a contention, but did refer to the fact that there are few start-up co-operatives, and that there was a

tendency towards conversion into other forms of organisations in some sectors. New enterprises, even if small-scale and based on co-operative efforts, most often choose to incorporate as joint-stock companies (“aksjeselskaper”). A reason for this may well be the lack of a clear legal framework for co-operatives.

The key question is therefore whether the current case-based law is satisfactory vis à vis a new law. According to the Commission, prevailing co-operative law is characterised by flexibility, indistinctiveness and incompleteness in such a way that there are certain kinds of rules that cannot be developed on the basis of case law (rules about concerns, the co-determinations of the employees etc.). The Commission found that the current state of the law had some major weaknesses. The lack of clarity and accessibility was particularly stressed.

In addition, the fact that the costs of legal assistance have risen sharply due to the 2001 VAT reform which added 24% to legal fees, seems to have had impact on small start-ups who may be reluctant to apply legal forms that are surrounded by a high degree of uncertainty with their limited resources.

Well established co-operatives wishing to merge, or divide, or undertake reorganisation, sometimes also find that the current law is too unclear and makes change very difficult. Under Norwegian tax law, mergers may be taxable unless they may be considered to be executed in accordance with the company law (e.g. co-operative law). The result is that a co-operative wishing to merge or change organisational form risks an unclear, but considerable, tax bill.

The Commission maintained that it is feasible to draw up a law, which imposes a systematic and fairly complete “tailor-made” regulation of co-operatives without restraining their flexibility in an unreasonable manner. The Commission acknowledged that legislation in some respects might lead to limitations as compared to the present situation. However, in the elaboration of the draft law

the Commission underlined that any kind of limitation must be justified with reference to third party interests, minority member interests or the need to protect Co-operative Identity. Moreover, the Commission stressed that an act on co-operatives also could provide clarity in such areas as mergers and divisions/demergers, where the current law is at best unclear and in some instances does not provide satisfactory options.

The Commission further pointed out that an act might make it easier to organise new co-operatives in an expedient manner. An act that lays down what the bylaws can or might contain, could lead to better quality bylaws, and consequently fewer conflicts. Further, an act could also serve as background rules of law; having a supplementary and reparatory function in relation to imperfect bylaws.

One question the Commission considered during its deliberations is to what extent the flexibility of the current law may result in allowing for too much similarity in form or isomorphism where the co-operatives gradually start losing their Co-operative Identity. In practice, the dilemma is to what degree the co-operatives start moving closer to ordinary capital corporations where the participation is not personal and activity-related, but based on capital contributions and ownership rights.

Organisational theory indicates that the process of moving towards similar forms is the natural outcome of external forces. Professional norms and copying stimulate the same erasing of differences. Gradually, these organisational forms start moving closer together, resembling each other. (*Per Ove Røkholt: Strengths and weaknesses of the co-operative form: A Matter of perspective and opinion. Presented at ICA International Co-operative Research Conference, 28-29 August 1999*) In an international business world that strongly focuses on capital, it may be more likely that the transformation processes of co-operatives move them in the direction of capital corporations, rather than in the opposite direction. The fact that profit oriented retailer chains and service

providers have adopted the concept of customer loyalty, rewards and membership schemes indicates, however, that the picture is not clear. Ordinary business is also learning from the co-operative loyalty and membership way of thinking.

In spite of the tendency towards similarity in form, it is easy to argue that organisations within a society fulfil multiple purposes. This diversity of function requires a multiple of truly different organisational forms as organisational form and activity are related. If one wants society to be able to offer a co-operative structure that is truly genuine, legislative barriers against the process of this tendency toward similarity in form may be required. An act on co-operatives may be the most natural way of doing this by codifying the law to maintain distinctiveness.

By not establishing a clear definition of co-operatives but rather by defining them for tax, banking, registration purposes etc., the result may be a definition of co-operatives that is not truly grounded on a thorough knowledge of Co-operative Principles.

An act on co-operatives may complement existing rules governing other kinds of organisations, but at the same time may protect Co-operative Identity. The proposed law on co-operatives therefore, might result in more coherent Norwegian legislation on organisations and corporations. In addition, it may be advantageous that case law and legal theory in connection with a provision in one act may be utilised when interpreting an identical provision in corresponding acts.

The Commission also stressed that an act on co-operatives might strengthen the legal protection of minority members and third party interests (creditors, contracting parties, employees etc.). Although there is today some protection of minority rights in co-operatives, it is weaker than in other enterprises. By the same token, employees in co-operatives, as opposed to employees in other enterprises, do not have any legal right to be represented on the boards of directors. From anecdotal evidence, it appears that many of the conflicts in co-operatives today are due to the fact that the protection of minority interests is

quite unclear under current law and can appear rather weak.

Draft Law

General Remarks

The Commission submitted a proposal to establish a single law to govern all kinds of co-operatives, except building and housing co-operatives and mutual insurance associations. Although there may be substantial differences concerning the character and size of the enterprises, the Commission, after some deliberations, was convinced that it is possible to form an act that provides for a satisfactory regulation for all co-operatives regardless of size.

In Norway, as in many other countries, there is a distinction between the traditional co-operative sector and new co-operatives. Some of the enterprises in the traditional co-operative sector are quite large, while new co-operatives are often quite small and sometimes quite “private” in nature. Within the European Union (EU) member states, there is a tradition that corporate regulation depends on size each with its own legislation: one for large corporations that attract capital from external sources, and one for small corporations where a closed circle of investors hold stock. Norway has adopted the same way of legislating for corporations even though this is not expressly required by the EU directives nor the EEA agreement.

The Commission on co-operatives discussed whether to propose a similar two-tier structure for co-operative legislation. It raised the issue of facilitating accessibility for smaller co-operatives, but recognised too the complexities of two acts. The Commission concluded that regardless of the co-operative being large or small, the basic Co-operative Principles should be the same. Therefore, the need for a somewhat simpler regulatory scheme for small co-operatives might be taken care of through special exemptions for them as part of

the general act. It proposed that the content of the act might be made available for the small co-operatives through model statutes according to their line of services and business.

The Commission made an effort to draft an act that allows flexibility. Many of the provisions are therefore not mandatory.

The draft law the Commission proposed is based on the Co-operative Principles, as adopted by the International Co-operative Alliance at its Centennial Congress in Manchester in 1995. The law neither lists nor expressly refers to the Principles, but includes some in the legal definition of co-operatives, while expressing others in provisions. The Co-operative Principles are also referred to in the report of the Commission.

Although the draft law is based on the Co-operative Principles, the Commission also considered solutions laid down in current company law and in the proposals for the two new acts on building and housing co-operatives. The structure of the proposed act on co-operatives therefore has much in common with the Private Company Act. Furthermore, the provisions that state the procedure of formation, merger, division, conversion and liquidation are fairly similar to the corresponding provisions in the Private Company Act.

The draft law has 159 sections spread over 13 chapters. Some of the main features of the law are presented below.

Scope and definitions

The draft law defines co-operatives as:

“enterprises whose main purpose is to promote the members’ economic interests through their participation in the enterprise as buyers, suppliers or in other similar ways, and in which:

the yield of the enterprise, except a normal interest on invested capital, either is kept in the enterprise, or is distributed among the members in proportion to the volume of their transactions with the enterprise, and in which

none of the members have personal liability for the debts of the enterprise.”

Economic transaction between the co-operative and members is required in order to qualify as a co-operative. The Commission is now considering what percentage of transactions between enterprise and its members is needed to qualify as a co-operative. Under current law transactions with members may not be insignificant.

In regard to co-operatives that are part of a vertical structure (groups and federations) the law contains an exemption with regard to the requirement that members have economic transactions with the co-operative of which they are members. Instead they may enter into transactions with another enterprise that is part of the same vertical structure, e.g. a subsidiary of the co-operative.

Both under the current law and new draft law, the Norwegian Register of Business Enterprises decides whether an applicant qualifies as a co-operative based on its statutes. Interestingly, one of the most vocal proponents of a codification and clarification of the law on co-operatives has been the Enterprise Register. The spokespersons of the Register have maintained that it has become increasingly difficult to decide whether a company qualifies as a co-operative favouring a clarification of the criteria required to qualify as a co-operative. It further argues that there are classification problems with co-operatives entering into new areas of activity. These classification problems should be reduced under the draft law, despite the fact that not all classification criteria will be void of discretionary judgements.

The legal definitions of federations and groups are also stated clearly. Members of second level co-operatives have to be other co-operatives, or other co-operatives must at least have a significant influence over

the second level co-operative. The key element in the definition of a co-operative group is that a co-operative must have a significant influence over another enterprise. The subsidiary cannot be a co-operative; it will typically be a private company.

The draft law also lists the conditions for use of electronic communication between co-operatives and their members while sending messages and information according to the law. A co-operative may only communicate electronically with a member that expressly has accepted this form of communication in advance. A member may send messages by means of electronic communication to the co-operative's e-mail address or in whichever way the co-operative has stated for the purpose.

Formation and Registration

The formation of a co-operative requires that at least two persons, natural or legal and private or public bodies, date and sign a formation agreement which is provided to the Norwegian Register of Business Enterprises within three months. If provided after the 3 months the formation agreement is invalid.

In conformity with current Norwegian co-operative law, the draft law does not stipulate a minimum capital requirement for the formation of co-operatives. The Commission found that stipulating any particular level of capital requirement might act as an impediment to establishing small co-operatives. All co-operatives must respect the requirement that its funds should be adequate for its activities and obligations. As there are no fixed capital requirements, the proposed rules on formation are simpler and less extensive than the corresponding rules in the companies' acts.

Membership in Co-operatives

The Co-operative Principle on voluntary and open membership finds expression in the draft law. A co-operative must be open to membership to all persons who could find benefit from the activities of the co-operative.

According to the draft law, the basic rule is that members can withdraw from a co-operative at any time. However, the bylaws may contain a time limit for withdrawal,

which cannot exceed 3 months in primary co-operatives and 12 months in secondary and higher level co-operatives. Other kinds of withdrawal restrictions can only be laid down in the bylaws if there are weighty and reasonable grounds to do so.

Economic settlement in connection with a withdrawal may to some extent be regulated by the bylaws. The declaratory rule is that a resigning member has the right to have his capital investment reimbursed at nominal value. A limited interest on the investment can be paid if allowed by the bylaws. A resigning member basically has no right to a share of the co-operative's assets. However, in workers' co-operatives it is permitted to have bylaws that allow resigning members such a right.

Co-operative membership is in general not transferable, but the bylaws may contain some provisions that require board of directors, manager or others' approval. The acquirer must accede to the former member's rights and obligations towards the co-operative. The former member may still be held responsible for his economic obligations, if there are no other stipulations in the bylaws or a separate agreement with the co-operative.

The draft law specifies that a member may be excluded from a co-operative following a fundamental breach of his obligations. Furthermore, the bylaws may establish that a member may be excluded if the member does not have any transaction with the co-operative for a period of at least one year. As a main rule the economic settlement is the same for an excluded member as for a voluntarily withdrawal, but the bylaws may provide for other solutions.

In cases of the violation of member rights, the draft law provides two solutions: the right to immediate withdrawal irrespective of any restrictions in the bylaws, and the right to release. The right to immediate withdrawal presupposes a fundamental breach. The right to release is, in addition, conditional on being not unreasonable to

the co-operative. The conditions for release are purposely very strict, due partly to the fact the release payment is based on a member's share of the co-operative's assets.

Capital Formation and Distribution of Surplus

The draft law does not require the constitution of a reserve fund. The basis of the capital protection system is a requirement of sufficient capital vis à vis the risks and size of the enterprise, i.e. a legal standard referring to prudent and good business practice.

Contrary to the acts on private and public companies, the draft law does not establish a distinction between free and tied equity. For private and public companies ("aksjeselskaper" and "allmennaksjeselskaper") Norwegian law has detailed requirements concerning how capital may be distributed, while the co-operative law simply emphasises that there should be sufficient capital left for co-operative operations after any distributions.

Currently, capital in Norwegian co-operatives has four main sources: members' investments, undistributed surplus, member savings schemes and external loan capital. The Commission reviewed various kinds of external financing, e.g. transferable investment certificates, and concluded that capital formation in Norwegian co-operatives should continue to be based on self-financing supplemented with the possibility for member investments / savings and external loans. It did not see any substantial need for alternative capital instruments. The Commission further emphasised that the introduction of such instruments might lead to conflict between the interests of members and investors. This could pose a threat to Co-operative Principles, especially if external investors were granted voting rights in the co-operative. The proposed Norwegian law consequently differs from the Swedish act that allows non-members a type of equity with limited voting rights ("förlagsinsatser").

The Commission discussed too if and what type of restraints should be placed on the distribution of retained surplus.

It found it difficult to propose appropriate rules as it did not see any clear guidance on this issue in the Co-operative Principles, in co-operative laws of other countries, or in international literature on the subject.

As a basic rule, the draft law stipulates that annual surplus should be credited to the general equity of the co-operative. The bylaws may contain four alternative applications of surplus:

- * Payments in proportion to the volume of the members' transactions with the co-operative,
- * Allocation to a fund (collective equity),
- * Allocation to member capital accounts (individual equity), and
- * Interest payment on the members' investments and capital accounts.

These alternatives presuppose that there is a remaining surplus after the deduction of loss and, possibly, the deduction of surplus that should be allocated to funds as per the bylaws.

The "fund" or collective equity is an innovation in Norwegian co-operative law. The aim is to stimulate consolidation; members should not be forced to distribute surplus directly to prevent it becoming a part of the general equity. The fund, which cannot exceed 20% of the balance sheet, can be spent on distributions to members in accordance with the volume of their transactions with the co-operative for a period of at least one year. The balance of the fund may also be transferred to members' capital accounts or to the general equity of the co-operative. The requirement that this fund may not exceed 20% of the balance sheet total is founded on the idea that the co-operative should not risk having to distribute a large part of its capital at any given moment in time. Fixing the percentage at 20% may to some extent be regarded as a kind of best estimate. The system of member capital accounts has also a consolidation purpose. However, as

opposed to the "collective equity fund", this is individualised equity. Allocations to the capital accounts have to be in conformity with the volume of the members' transactions with the co-operative. The general assembly may decide that the credit balance of the individualised member capital accounts be paid to the members, but only if this option is laid down in the bylaws. Moreover, members have the right to the capital in their account even if they withdraw or in case of liquidation of the co-operative. In a situation of insolvency, creditors have priority over members. Under the draft law, members have no such rights on the "fund" which may be regarded more as distributable collective capital.

Organs and Management of the Co-operative

According to the draft law, a co-operative must have a general assembly and board of directors. A co-operative should also have a manager unless otherwise stated in its bylaws. If a co-operative does not have a manager, the president of the board or the board itself carries out management functions. The draft law further contains rules concerning two facultative organs: the board of representatives and the supervisory committee. While the supervisory committee is a unit that exclusively deals with control, the board of representatives may also have other functions under the bylaws.

The general assembly is the supreme decision making body of the co-operative. Every member has the right to attend at the general assembly, either in person or through a legal representative. In co-operatives with more than 200 members, the bylaws may require that the general assembly be composed of delegates. While a legal representative acts on behalf of one single member, a delegate can act on behalf of a group of members. Delegates can only be elected on the basis of geographical location, number of members in the group or volume of the group's transactions with the co-operative.

In conformity with the Co-operative Principles, the draft law states as its basic rule that each member has one vote at the general assembly. However, the bylaws may allow members additional votes based on the volume of their transactions with the co-operative. In secondary co-operatives the bylaws may also specify that votes shall be distributed on the basis of the number of members or geographical location of the primary co-operative. According to the draft law, no member may have the majority of the votes.

Decisions in the general assembly may be taken by simple majority, unless otherwise required by the bylaws or legal provisions. Decisions amending the bylaws require a two-thirds majority. Some amendments to the bylaws may only be enacted by a more qualified majority. This concerns substantial amendments to the objective of the co-operative, increases of members' financial liability towards the co-operative or its creditors, and the introduction of trading obligations or restrictions of the right to withdraw. These decisions can only be made by unanimity or by a three-quarters majority at two subsequent general assemblies.

The rules regulating the board of directors and the manager are based on the Private Company Act and the Public Company Act ("aksjeloven" and "allmennaksjeloven"). Of particular note is that the draft law allows employees the right to representation on the board of directors if the co-operative has more than 30 employees. According to current Norwegian law the employees in co-operatives, as opposed to employees in partnerships and companies, do not have a legally protected right to such codetermination. In practice, however, and under an agreement between large co-operatives and national unions, there has been employee representation on the boards of the most important Norwegian co-operatives for many years. The draft law makes this voluntary representation mandatory, under the same criteria and with the same number of representatives

as under the laws on corporations, companies and economic foundations.

Audit

Under the draft law every co-operative must have an auditor. If the total annual turnover of the co-operative exceeds NOK 5 million (approximately Euro 690,000), the auditor has to be state authorised. Every financial year, the auditor's statement must be presented to the general assembly.

Dissolution

According to the draft law, dissolution may be resolved by the general assembly with the same majority as for the amendment to bylaws or by the court if there have been major violations, e.g. neglecting to submit the annual accounts or the auditor's annual statement to the Norwegian Register of Company Accounts. Voluntary dissolution follows the provisions in the act on co-operatives, whilst compulsory dissolution is subject to the provisions of the Bankruptcy Act and the Creditors Security Act.

The Commission focused its discussions on the distribution of assets under voluntary dissolution. The basis for the text continued to be respect of the Co-operative Principles while allowing for some membership rights to assets. The draft law will allow more flexibility than under the current law.

The basic principle of the draft law is that the members on voluntary dissolution of the co-operative have the right to repayment of invested capital and any funds in their individualised member accounts as long as the obligations towards the creditors are respected. Additional funds should be distributed for co-operative purposes or for public benefit. Consequently, members do not have any rights to the net capital in the event of a liquidation. The net capital, including undistributed profits and any remaining balance on the collective equity fund, apart from the individualised member accounts, is treated as collective co-operative capital which no longer belongs to the co-operative or its members. However, the bylaws may specify that upon dissolution all or parts of the net capital should be distributed to members, or even to former members, on

the basis of the volume of their transactions with the co-operative during the last five years (the bylaws can stipulate a minimum of one year). The Commission did not envisage any other distribution system as it argued that it would violate the Co-operative Principles.

Many Norwegian co-operatives today have bylaws stating that in the case of liquidation, the net capital will be donated to co-operatives or to public benefit purposes. A crucial question is: should co-operatives be allowed to amend the bylaws to enable members to have a right to the net capital? This question was discussed in depth by the Commission which concluded that it should be possible, but only under strict conditions:

- * reasonable grounds
- * a three quarter majority vote at two subsequent general assemblies vote and,
- * approval by a public authority.

This requirement for approval by a public authority was added to avoid situations where members may simply want to distribute funds among themselves - funds to which the present members may not in any way have made any significant contributions. The Commission proposed that the controlling public authority be the supervisory body for foundations (“Stiftelsestilsynet”). It would decide whether the reasons offered for amending the bylaws and allowing the distribution of the liquidation proceeds to the members are legitimate.

Merger and Demerger

The Commission proposed rules on mergers and demergers, which are very similar to the corresponding provisions in The Private Company Act (“aksjeloven”). The provisions aim at promoting continuity, i.e. that the legal positions of the transferring co-operative(s) continue(s) in the absorbing co-operative. The Commission assumed that the mergers and demergers would be accepted as non-taxable events as long as the tax cost bases are continued by the new

corporations entities. This is the same way that are regulated with regard to tax. The new law on co-operatives will make the situation clearer, both from a company law and tax law perspective.

The draft law envisages two types of mergers and demergers. The first is where the absorbing co-operative(s) exist(s) in advance, and the other where the absorbing co-operative(s) is/are founded as a part of the transaction. The provisions are applicable only when all the involved enterprises are co-operatives. There are exemptions: when a co-operative has subsidiaries organised as private companies. Both mergers between a co-operative and a subsidiary and mergers between the subsidiaries may be undertaken through a simplified procedure.

Decisions on mergers/demergers can be made with the same majority as for amendment to the bylaws. If a merger or demerger would result in the members of one of the involved co-operatives gaining increased access to the net capital in the event of liquidation, the same procedure and underlying principles are used as when the bylaws are amended to increase the rights of members to the net capital in the event of liquidation.

With regard to mergers, each member of the transferring co-operative has a right to membership in the absorbing co-operative. In demergers, and if the transferring co-operative will continue to exist, members may be compensated by way of increased investments in this transferring co-operative, instead of, or in addition to, membership in the absorbing co-operative. Compensation beyond membership is regulated as in the case of liquidation.

Conversion to Private and Public Companies

In existing Norwegian co-operative law, a co-operative may not convert into a private or public company without ceasing to be a corporate body. The Commission proposed rules for conversion based on a continuity principle aiming to facilitate restructuring processes.

Both the procedural and substantive provisions on conversion are similar to the rules on

mergers and demergers with the exception that no notice to or involvement with creditors is needed (similar to the rules on the founding of private and public companies). Members are compensated through shares in the company on the basis of the volume of their transactions with the co-operative during a certain period previous to the conversion and not according to the size of their investment in the co-operative. The rules of the draft law on liquidation, mergers, demergers and conversion will make the law on co-operatives more flexible with fewer lock-in effects and at the same time more certain than under the current Norwegian law. Currently, the rights of co-operative members to the net assets of a co-operative in case of dissolution are not clear. This ambiguity also exists in the law today with regard to mergers, demergers or conversions into private or public companies. Given that certain tax law benefits (e.g. merging without being made taxable for unrealised gains) in Norway are linked to what is allowed under private law, much attention has been paid to these uncertainties.

The Commission may have hoped that the more flexible law on liquidation would create a more favourable attitude towards the enactment of the first general Norwegian law on co-operatives. Whether this will actually be the case, remains to be seen.

Regulatory Body

Under the current law, co-operatives are regulated with the Norwegian Register of Business Enterprises whose primary function is simply to register co-operatives. It has very limited functions and no policing functions. The register is passive until applications for primary registering or changes are received. It reviews applications to see that they comply with the law, but does not actively verify if the day-to-day operations of a co-operative complies with its own statutes and the Co-operative Principles, nor does any other

governmental authority. The tax assessment offices may from time to time examine co-operative operation but only to ensure that the co-operative complies with tax law, as some co-operatives do benefit from some tax benefits. The Enterprise Register has expressed some concern over the lack of follow-up supervision of the co-operative sector.

The Co-operative Commission proposed that the new national level governmental authority supervising foundations (“Stiftelsestilsynet”), also be given supervisory functions regarding co-operatives. It felt that the involvement of some kind of governmental authority was needed in order to ensure more flexibility and avoid lock-in effects due to out-dated bylaws, mergers, conversions, etc.

Transitional Provisions

Given the experience of four unsuccessful attempts to legislate on co-operatives, the Commission has proposed flexible transitional rules. Co-operative established prior to the enactment of the law will need to comply with the new law only after five years. It will however have the option of registering itself under the new law with the Enterprise Register in which case the law will apply to it upon acceptance.

The Commission also proposed that no new law proposal be put to Parliament until 2-3 years following the enactment of the new law.

In practice, any existing co-operative may have another 10 years to prepare itself for the new regulatory scheme proposed by the Co-operative Law Commission in NOU 2002: 6.

Arbitration Procedures and Recommendations for Bylaws

To promote the use of the co-operative form of enterprise, the Commission also discussed whether there should be an institutionalised arbitration procedure or small-court rules to resolve disputes between members and their co-operative. It was concluded that this need not be included in the legislation but rather be established, if need be, on a voluntary basis.

If a new law on co-operatives in Norway is

enacted, one might hope that the co-operative federations would publish recommendations for bylaws in accordance with the new law, and thereby facilitate the channelling of more entrepreneurial energy into the co-operative sector.

The Consultative Procedure and Process Ahead

In Norway, proposals from law commissions are normally circulated to interested parties for comments. On 24 April 2002, the Ministry of Justice sent the Commission's report on a public hearing to co-operative organisations and other interested institutions indicating a closing date for remarks of 1 December 2002.

A total of 55 bodies have provided comments to the report, of which 8 had no comment. The replies indicate that the draft law has been met with favourable reactions. A large majority supports the draft law or requests only minor amendments. Several co-operatives and their organisations have even stressed that it is important that the follow-up is given sufficient priority so that a bill can be submitted to Parliament as soon as possible.

The most strongly voiced objections to the law on co-operatives are offered by three bodies from outside the co-operative sector, representing competitors to some of the big agriculture co-operatives. These organisations propose substantial amendments to the draft law before a bill should be presented to Parliament.

Another interesting observation is both large and small co-operatives are favourable to the law. The organisations who represent the big co-operatives, argue, *inter alia*, that an act on co-operatives is necessary in order to:

- * strengthen the visibility of the co-operative form
- * preserve the distinctive character of the co-operative form
- * clarify the state of co-operative law

- * make the co-operative form more accessible for entrepreneurs, and
- * facilitate restructuring processes such as mergers and demergers.

Organisations representing smaller co-operatives and new co-operatives emphasise the difficulty of establishing and operating co-operatives without a written law. For example, the National Association of Private Kindergartens, representing 2800 kindergartens, states:

"An act on co-operatives is an absolute necessity. This is the only instrument that can ensure establishment of new co-operatives, ensure stable management, protect third party interests and provide for flexibility that enables structural changes. The act is in short a vital instrument in order to give the public a practical chance to familiarise itself with a set of rules that today is very difficult to comprehend. Today's case-based law is a considerable challenge."

Some of the reason for the favourable reaction of co-operatives can be traced to the great extent of flexibility of the new law; and the uncertainty under present law for example in mergers and demergers. In addition, a banking law commission proposing a ban on the establishment of new credit unions appears to have made the co-operative sector more sensitive to the fact that the lack of legislation could lead to conflicts outside the co-operative community itself. It is quite illustrative that the only credit union in Norway, Landkreditt, is one of the strongest supporters of the legislation initiative.

Not surprisingly, the Norwegian Register of Business Enterprises also warmly welcomes an act on co-operatives:

"The Register of Business Enterprises is principally very satisfied with the presented draft co-operative law. As far as we are concerned, it is important to regulate these kinds of enterprises in the form of a written law. There should be a legal framework for such enterprises that is easy for them to deal with. The lack of an act is a problem both for The Register of Business Enterprises, for those who want to establish co-operatives, and for those who play a part in such enterprises."

Substantial amendments to the draft law have been proposed by Synnøve Finden ASA (a dairy organised as a joint stock public company), the National Association of Food Industry and the Federation of Norwegian Commercial and Service Enterprises. They state that the Co-operative Law Commission has not given enough importance to competitive conditions especially in agriculture. They propose that a study of the socio-economic consequences of the draft law with particular focus on competitive conditions is needed. They further assert that the draft law does not provide co-operative members with sufficient economic rights. They also argue that capital should not be the common property of the co-operative, and that the entire net capital should be subject to a rate of return fixed by the bylaws. The law should not contain any upper limit for interest payments on members' investments. Furthermore, in their opinion it should be possible to pay a withdrawing member a share of the co-operative's assets, and the basic rule should be that membership in co-operatives is transferable.

These remarks illustrate the conflict between two schools of thought in co-operative organisational theory:

The classical co-operative paradigm and the neo-classic economic paradigm. The draft law is based on the ICA Statement on the Co-operative Identity which includes the Co-operative Principles. The co-operative competitors to co-operatives above seem to wish to see that act on co-operatives move closer to "new generation co-operatives", as they are known from the United States. The Norwegian co-operative sector itself has not expressed any need for this type of organisational structure.

At the moment, the Ministry of Justice is reviewing the draft law. It is likely that the Government will submit a bill to Parliament in the autumn of 2004 or spring of 2005. It is unlikely that an act would enter into force before 1 January 2006.

The political process ahead is difficult to predict as there may be a change of government after the parliamentary elections in 2005. Although a bill on co-operatives would not be seen as an important part of the general political agenda in Norway, the election process could make for some uncertainty regarding law proposals. Accordingly, the law has no guarantee of success, even though the reactions on the whole have been positive.

Building your Co-operative Identity with .coop and supporting Co-operative Development

Carolyn T. Hoover*

Co-operative Identity is the cornerstone of the modern co-operative movement with the seven Co-operative Principles providing a clear definition of what this actually means. Co-operative Identity gives co-operatives an advantage in the market by focusing on what makes us special. Being member-owned and community-focused is a powerful message in today's business world where trust is an elusive commodity. As the reach of truly global firms expands, it is difficult to tell from a company's name what their business is or what is behind their latest ad campaign. What are they even selling? In the co-operative community, we know what sets us apart and we likely know many of the co-operatives in our local business community. But how can we identify co-operatives with whom we have no personal connection? Co-operative Identity therefore becomes even more critical.

Co-operatives are continually searching for ways to remind members and users about what makes them a different business or organisation – to create a Co-operative Identity. As part of the International Day of Co-operatives in 2001, the ICA focused on the many ways that Co-operative Identity is important and how co-ops can take advantage of this characteristic. At that time, there was a new option on the horizon which is now readily available to help us build and expand our Co-operative Identity.

.Coop, the new Internet domain address for co-operatives, allows even the smallest organisation to immediately identify itself as a co-operative entity. With the ICA and its members firmly supportive of this new means of identification, the weight of the entire co-operative movement stands behind this new Internet "community". As the Internet evolved, co-operative enterprises have learned how to best use this new communication tool to support



their business and social goals .Coop is clearly the way that co-operatives can raise the awareness of not just their individual co-op but also of the entire co-operative community.

.Coop – For Today and Tomorrow

.Coop was first proposed in late 2000 with support from the ICA and ICA members as well as other leading co-operatives and co-operative organisations around the world as a way for co-operatives to become leaders in Internet innovation. Once the top-level domain (TLD in Internet jargon) was approved and the Sponsorship was awarded to DotCooperation LLC (dotCoop) by ICANN (Internet Corporation for Assigned Names and Numbers), the global coordinator of the technical management of the Internet, there was still a tremendous effort required to make this dream of co-operatives a working reality.

With investments from leading co-operatives worldwide, dotCoop was able to begin operations on 30 January 2002 and .coop web sites were active and e-mail addresses began appearing in mailboxes immediately. Initial response from co-operative institutions that already had a web presence showed that their Internet co-operative identity was an important asset that they wanted to protect. But there was also strong interest from co-operatives that had not yet taken a step onto the Internet stage – because their name was not available in .com or .org or because they had not seen any value in a .com or .org web site for themselves. But now .coop gave them the means and the opportunity to take their first step into the Internet. Even though many had not finalised their long-term Internet plans, they wanted to move quickly so that they did not lose the name that they wanted to other co-operatives.

* Carolyn T. Hoover, dotCoop Operations Center. E-mail: choover@dotcoop.coop

As ICA has reported, co-operatives have significant market shares of particular sectors in many countries. Even so, it is an almost “invisible” economy and is not clearly recognised and appreciated in many countries. Local, regional, national and international organisations do all that they can to promote and develop co-operative enterprises but they can certainly use the exposure that something like .coop can provide on a daily basis to the general public.

In addition to providing information to the public about co-operatives, .coop makes working with other co-operatives easier. With a .coop domain name, you are assured that the organisation that you are working with shares the same goals and focus as your co-operative.

So when you tally up the things that a simple .coop domain can provide without you really having to do anything special to point to it shows how it can provide a true return on your investment. And not just on the bottom line.

Supporting Co-operative Development

.Coop today is helping early adopters and those co-operatives who can easily take advantage of Co-operative Identity tools like this. So what does the future hold? The future of .coop is the future of co-operatives. ICA and ICA members have looked at what groups can be best served by co-operatives. Groups in need of the co-operative approach to improve their financial position are many, but certainly they are many of the same groups that can be best served by .coop and the best practices of Internet technology.

The rural sector is a potentially large growth area for co-operative businesses and opens up co-operative opportunities to many underserved groups. In general, the rural sector is hungry for the communication that can be provided by the Internet. The Internet is not impacted by distance – only by access. This allows co-operative

members that might be separated by many miles to be able to keep in touch via their co-op web site or perhaps by e-mail supported by their co-operative. And co-operatives can keep in touch with their members more easily as well. Internet capability also allows co-operatives to stay in touch with other co-operatives as well as vendors and customers or users.

Another critical group that is ready to embrace co-operatives is youth. Although co-operatives are strong in many areas, for that strength to continue co-operatives must continue to reach out to young people in their community and let them know that co-operatives offer the types of products and businesses that they can support as members and consumers. Because youth around the world are embracing the Internet as quickly as it becomes available to them, .coop becomes the perfect way to connect with this group.

These critical opportunities for co-operative expansion will be enhanced by .coop identification as a common bond for these new groups. Even though not everyone has access to a computer, a .coop name can be used for direct communication to those that do, and as a means of co-operative identification for those that reach out with other media.

Expanding Membership Identity

We have touched on many of the aspects of Co-operative Identity and how important it is to co-operatives’ viability. But the benefits of the .coop name can be propagated to a co-operative’s members as well. A co-operative can work to set up .coop e-mail accounts for its members and provide a unique member to member communication – xyzdairy@mylocal.coop can now easily contact abcdairy@mylocal.coop to see what the latest weather news might be (which also might already be on the mylocal.coop web site!).

Another important aspect of being a co-operative is the aspect of democratic control of the co-operative. The Internet has opened up totally new aspects of member participation.

Making Co-operative Connections

Co-operative Identity has another unique feature which is the implicit agreement in being a co-operative which is to support and develop cooperation among co-operatives. DotCoop takes this aspect of the Co-operative Principles very seriously and from the beginning has set aside a number of valuable domain names to be used for the benefit of all co-operatives in that “community”. The dotCoop Community Names programme has drawn co-operatives and co-operative groups that are committed to using these selected names to provide co-operatives in countries and certain sectors such as housing or banking a collaborative area on the Internet for interaction.

Although the programme is still in its infancy, dotCoop has been working with ICA to increase their direct participation in this programme so that the ICA sector groups already in existence can become involved and encourage more direct involvement by their constituency by having an area all their own. An excellent approach to providing this leadership role has been taken by the Co-operative Federation of Victoria which sponsors the www.australia.coop site. This straightforward site provides a wealth of information on co-operatives “down under” and is constantly enhanced with useful articles.

The updates to this site are provided to co-operatives around the world via e-mail. This is the promise of .coop - sharing information across borders without regard to distance. This is a direct benefit of creating the global co-operative community on the Internet.

Creating a Foundation

So this brings us back to the power of Co-operative Identity in strengthening co-operatives both in the local markets and on the Internet; back to using that Co-operative Identity to create new and vibrant co-operatives in communities that were not envisioned as being economic “engines” until someone saw their potential; and back to the need for co-operatives to collaborate and communicate in order to continue building their strength in the current economic climate.

There are many critical components to a successful co-operative – member involvement, sound financial practices, and a commitment to Co-operative Principles are some of the other items that you have to have to build a viable organisation. With a .coop domain name, co-operatives have a valuable tool to help create a sound foundation for a unifying Co-operative Identify - something that is unique to them but also something that connects them with co-operatives in every corner of the world.

Notes:

¹ DotCoop is a wholly owned subsidiary of the National Cooperative Business Association (NCBA), a US-based national, cross-industry membership association and an ICA member.

² <http://www.ica.coop/ica/ica/presspack/2001/marketshare.html>

ICA GENERAL ASSEMBLY “Co-operatives for Democratic, Social and Economic Development”



ICA GENERAL ASSEMBLY, 3-4 SEPTEMBER 2003
SAS Radisson Plaza Hotel, Oslo, Norway

Revised Agenda

Tuesday, 2 September

08:00-18:00 **Registration** at the Radisson SAS Plaza Hotel

19:00-21:00 **Reception** at the Radisson SAS Plaza Hotel

Wednesday, 3 September

08:00-18:00 Registration at the Radisson SAS Plaza Hotel

09:30-11:00 **Opening Ceremony and cultural programme**

- * Kjell Magne BONDEVIK, Prime Minister, Norway
- * Kofi ANNAN, Secretary General, United Nations UN (*video message*)
- * Steinar DVERGSDAL, Chairperson, Norwegian Organising Committee and ICA Board Member
- * Ivano BARBERINI, President, ICA

11:00-12:30 **Global Environment for Development: External challenges**

- * **Co-operating for decent work**
Juan SOMAVIA, Director-General, International Labour Office ILO
- * **Economic and social regeneration: The role of co-operatives**
Roberto RODRIGUES, Minister of Agriculture, Brazil and former ICA President
- * **Co-operatives as a tool for poverty reduction & enterprise development**
Hilde Frafjord JOHNSON, Minister of International Development, Norway

Discussion

12:30-14:00 Lunch break

14:00-18:00 **Democratic, Social and Economic Development:**

The co-operative response – Best practice and impact

Chairperson: Rahaiah BAHERAN, Vice-President, ANGKASA, Malaysia and ICA Board Member

- * **West Africa**
A.S. KIBORA, Regional Director for West Africa, ICA
Poverty reduction: a challenge for co-operatives
Bernard OUEDRAOGO, President, Groupement NAAM, Burkina Faso
- * **The Americas**
Manuel MARIÑO, Regional Director for the Americas, ICA
Migration & development: The savings & credit co-operative experience
Héctor CORDOVA, General Manager, Federación de Cooperativas de Ahorro y Crédito de El Salvador FEDECACES
- * **Asia and the Pacific**
Shil-Kwan LEE, Regional Director for Asia and the Pacific, ICA
Farmers and consumers: Examples of best practice
Isami MIYATA, President, JA –Zenchu, Japan
Shugo OGURA, Executive Board Member, Japanese Consumer Co-operative Union JCCU, and President & CEO, Co-op Kobe, Japan

- * **East, Central and Southern Africa**
Bernard KADASIA, Regional Director for East, Central & Southern Africa, ICA
 - Solidarity in practice: The SCC experience**
Lennart HJALMARSSON, Director, Swedish Co-operative Centre SCC, Sweden
 - Added-value through partnership**
Vidar KAPELRUD, Deputy Managing Director, Royal Norwegian Society for Development, Norway
 - * **Europe**
Gabriella SOZANSKI, Regional Director for Europe, ICA
 - Co-operatives as a tool in a globalised economy**
Nina JARLBÄCK, Deputy-Chairperson of the Board, Coop Norden & President, Kooperativa Förbundet KF, Sweden
- Discussion after each regional presentation
- * **Conclusion**
Jan-Eirik IMBSEN, Director of Development, ICA

Thursday, 4 September

9:00-12:00 General Assembly Statutory Business

- * Opening and Welcome
- * Approval of the Agenda
- * Approval of the Minutes of the General Assembly, Seoul (2001)
- * Reports to Membership
 - Report of the President
 - Report of the Director-General
 - Report of the Independent Auditor
 - Report of the Audit & Control Committee

Discussion

- * Elections (Board and Audit & Control Committee)
 - Ratification of the recently elected Vice-Presidents
 - Introduction of candidates for ICA Board and Audit & Control Committee vacancies
 - Voting
- * Statement of the Youth Conference

12:00-13.30 Lunch break (*counting of votes*)

13:30-17:30 General Assembly Statutory Business (continued)

- * Elections results
- * Report and Recommendations of the ICA Board on ICA Restructuring

Discussion

- * Amendments to the ICA Rules and Standing Orders

Discussion

- * Motions and Resolutions
- * Invitation to the next General Assembly
- * Any other business
- * Closing of the General Assembly

20:00-22:00 Gala Dinner

- * Presentation of the Rochdale Pioneers Award
- * Recognition of outgoing Board Members

ICA GENERAL ASSEMBLY AND RELATED MEETINGS

Schedule of Events (revised 6 August 2003)

Saturday 30 August	09:00 - 12:00 14:00 - 17:00	Regional Directors' meeting (<i>by invitation</i>) ICA Gender Equality Committee Executive meeting
Sunday 31 August	09:00 - 12:00 09:00 - 13:00 10:00 - 12:00 14:00 - 18:00 14:00 - 18:00 14:00 - 18:00 15:00 - 18:00 15:00 - 18:00	IHCO Executive and Plenary ICA Human Resource Development Committee ICA Gender Equality Committee Plenary Meeting Audit & Control Committee ICA Board Development Committee (<i>by invitation</i>) Joint Seminar: IHCO-ICA Gender Equality Committee ICBA Executive Committee (<i>by invitation</i>) ICA Housing Executive
Monday 1 September	08:00 - 18:00 08:30 - 10:30 09:00 - 12:00 09:00 - 09:30 09:00 - 17:00 09:30 - 12:30 10:00 - 12:00 09:00 - 12:00 11:00 - 16:30 12:00 - 14:00 12:30 - 13:30 13:00 - 18:00 13:30 - 18:00 14:00 - 18:00 14:00 - 17:00 14:00 - 17:00 16:30 - 17:30 19:00	Registration ICBA Executive Committee – cont'd (<i>by invitation</i>) ICAO Plenary and Forum CCI Executive (<i>by invitation</i>) Youth Conference CCI Seminar ICA Housing Plenary ICA-ILO Agencies' Meeting hosted by NORCOOP (<i>by invitation</i>) ICBA Seminar ICA Board Legislative Cmte & Advisory Group (<i>by invitation</i>) CCI Plenary ICA Housing Seminar ICAO Forum Legislative Forum European Council (<i>by invitation</i>) ICACC Executive and Plenary ICBA Plenary Board Dinner (<i>by invitation</i>)
Tuesday 2 September	08:00 - 18:00 08:00 - 18:00 day 19:00 - 21:00	Registration ICA Board meeting (<i>by invitation</i>) Study trips (ag, consumers, housing) open to all participants Welcome Reception
Wednesday 3 September	08:00 - 18:00 09:00 - 18:00	Registration ICA General Assembly
Thursday 4 September	08.00 - 14.00 09.00 - 17:30 20:00	Registration ICA General Assembly – Statutory Business Gala Dinner
Friday 5 September	08:30 - 17:30 09:00 - 10:00 10:00 - 16:00 10:00 - 16:00 16:00 - 19:00 all day	CICOPA World Conference ICA Board meeting (<i>by invitation</i>) ICFO Executive and Plenary meetings DCLLC Board (<i>by invitation</i>) ICA Asia-Pacific Standing Committee (<i>by invitation</i>) Tourist programmes (<i>optional</i>)
Saturday 6 September	all day all day 09:00 - 17:00	Tourist programmes (<i>optional</i>) CICOPA General Assembly ICFO Study Trip
Sunday 7 September	all day	Tourist programmes (<i>optional</i>)

INTERNATIONAL CO-OPERATIVE ALLIANCE
General Assembly, Seoul (Korea) 17 October 2001
Draft Minutes

1. Opening

The ICA President, Mr. Roberto Rodrigues, wished all warmly welcome to the General Assembly 2001 and called the General Assembly to order.

Before turning to the business at hand, the President asked the Assembly to stand and observe a minute of silence in recognition of the following co-operators that had passed away: Mr. G.K. Sharma, Mr. Yvon Daneau, Sir Robert Southern, Mr. Peter Soiland and Mr. Jack Shaffer and in recognition of the victims of the tragic events in the United States.

The ICA President announced that this Assembly was well attended with 216 representatives, with 12% of the representatives being women; 410 observers, with 26% women; 12 guests, 9 members of the press and 37 personal interpreters.

2. Adoption of the Agenda

The President suggested the following changes to the agenda that had been circulated prior to the Assembly:

- * that there be no reporting from the business forums during the meeting – the conclusions will be made available on the ICA website
- * that the amendments of the Standing Orders be discussed prior to the presentation of the candidates to the elections.

There being no other proposed changes the General Assembly approved the amended agenda by acclamation.

3. Draft Minutes of the General Assembly in Quebec in 1999

The draft minutes were approved by acclamation.

4. Report of the ICA President

The President said he would be brief as the delegates had already received a written summary of his activities in the last two years since the Québec General Assembly. Since the Assembly in Québec in 1999 the President has been participating in approximately 234 international events as well as in 137 national events in his home country, Brazil. During this two-year period he has embarked on 58 working visits and visited 38 countries. One of these meetings was about sustainable agriculture, “The Best Usage of National Resources to Ensure the Food Production Cycle”, promoted by United Nations Committee for Sustainable Agriculture. The meeting was held in New York in April 2000. He reminded participants that in Québec a document named “Vision Statement for 2005” and an action plan was approved. He reported that implementation of the action plan was on going and that the ICA Board had confirmed a new administrative structure according to four focus areas: Co-operative Identity; International Co-operative Presence; Development; Membership/Networking with Communication as an important crosscutting issue. It is expected that the new Presidency and Board Members would continue implementation of the action plan. He noted that another very important issue was the review of the ILO Recommendation 127 and this would be an issue for comments later during the Assembly. With regard to membership, he noted during the mandate of the now outgoing Board, ICA had seen an increase of 13% in membership - 253 members. He further highlighted that until 1997, ICA had operated very centrally; specialised organisations were like satellites circling around ICA, while today ICA had institutional co-operation with all the specialised organisations. The creation of the Rochdale Pioneers Prize that was awarded this year to Dr. Kurien from India was also an innovation.

The President concluded with comments on ICA's financial situation. The draft final accounts for 2000 as presented showed a loss of almost 1.2 million Swiss Francs, wiping out literally all of ICA's reserves. The losses came from payments to Mr. Bruce Thordarson and Ms. Mary Treacy, totalling 485,000 Swiss Francs; deficits in the Regional Office for the Americas, 392,905 Swiss Francs; for the Regional Office for Asia & the Pacific, 144,000 Swiss Francs; for the Regional Office for Eastern, Central & Southern Africa, 29,000 Swiss Francs; and for the Regional Office for West Africa, 61,000 Swiss Francs. He stressed that the Secretariat had worked hard to re-plan and re-budget and now exercised strict monitoring and control. He further noted that the Finance Committee meeting in September had confirmed that bloodletting seemed to have been stopped with a projected small surplus for 2001. Further information was provided in the Director-General's report.

5. Report of the Director-General

The Director-General highlighted the four major focus areas of ICA's work: enhancing Co-operative Identity; promoting international co-operative representation and presence; support to co-operative development; and networking – keeping the ICA family together. He commented upon ICA's deep involvement in the work with the revision of ILO Recommendation 127. Finally, he commented upon ICA's financial situation and the Board Motion to the General Assembly on ICA's Financial Situation.

6. Report of the Independent Auditor

The Auditor in charge of Ernst & Young, Mr. Mark Hawkins, commented upon the financial statements for the years 1999 and 2000. The consolidated statements for the two years present fairly, in all material respects, the financial position of the International Co-operative Alliance as of 31 December 2000 and the results of its operations and its cash flows for the year

then ended in accordance with International Accounting Standards.

7. Report of the Audit and Control Committee

The Chairman of the Audit & Control Committee, Mr. Ivar O. Hansen, commented upon the way the Audit and Control Committee had worked, the financial problems encountered by the ICA as well as the sources for the deficits. He also read out the recommendations to the new Board given in the Audit and Control Committee's Report for the years 1999 and 2000.

Finally, Mr. Hansen, on behalf of the Audit & Control Committee, submitted the recommendation to the General Assembly to approve the audited accounts for the years 1999 and 2000.

The General Assembly approved the ICA annual accounts for the years 1999 and 2000 and the report of the Audit and Control Committee.

8. Ratification of the appointment of Mr. Karl-Johan Fogelström as Director-General ICA

The General Assembly approved by acclaim the ratification of the appointment of Mr. Karl-Johan Fogelström as Director-General of the ICA.

9. Amendments to Standing Orders

The Board on further examination proposed to withdraw the proposed amendment to the ICA Standing Orders, paragraph 4 of Section III of Standing Orders.

The General Assembly agreed not to amend paragraph 4 of Section III.

The second amendment related to paragraph 20 of Section IV of Standing Orders. The proposal was to delete all after the first sentence and substitute "a ballot shall be held on the recommendation of the Board or on the demand of five member organisations".

The amended Standing Order will then read:

"All motions shall in the first instance be

submitted to the vote by a show of hands. A ballot shall be held on the recommendation of the Board or on the demand of five member organisations”.

The General Assembly agreed to amend paragraph 20 of Section IV of Standing Orders as read above.

10. Presentation of Board and Audit & Control Committee Candidates

The candidates present introduced themselves to the General Assembly.

11. Elections

11.1. Election of ICA President

The sole candidate for the Presidency of the ICA Mr. Ivano Barberini, of Legacoop, Italy was elected by acclaim.

Ratification of elections of ICA Vice-Presidents

The General Assembly ratified by acclamation the elections of the four Vice-Presidents, Ousseynou Dieng as Vice-President for Africa, Mr. Miguel Cardozo as Vice-President for the Americas, Mr. Mu Li as Vice-President for Asia & the Pacific and Mr. Lars Hillbom as Vice-President for Europe.

11.3. Election of ICA Board Members

The following candidates for the Board were elected to the Board:

Ms. Rahaiah Baهران, ANGKASA, Malaysia; Mr. Chung Dae-kun, National Agricultural Co-operative Federation, Korea; Mr. Jean-Claude Dettleux, Groupement National des Cooperatives, France; Mr. Steinar Dvergsdal, Federation of Norwegian Agricultural Co-operatives, Norway; Mr. Valentin Ermakov, Centrosjuz of the Russian Federation, Russia; Ms. Pauline Green, Co-operative Union, UK; Mr. Mutsumi Harada, Central Union of Agricultural Co-operatives, Japan; Mr. Jens Heiser, GdW Bundesband deutscher Wohnungsunternehmen; Mr. Hosea Kiplagat, Co-operative Bank of Kenya, Kenya; Ms. Stefania Marcone,

AGCI/Legacoop and CONFCOOPERATIVE Italy; Mr. David Miller, Nationwide, USA; Mr. Yehudah Paz, Central Union of Co-operative Societies, Israel; Mr. Sawai Singh Sisodia, National Co-operative Union of India (NCUI), India; Mr. Glen Tully, Conseil Canadien de la Coopération (CCC) / Canadian Co-operative Association, Canada; and Mr. Americo Utumi, Organisation of Co-operatives, Brazil.

11.4 Election of Audit & Control Committee Members

The following candidates were elected to the Audit & Control Committee:

Mr. Pal Bartus, Co-op Hungary, Hungary; Mr. Jakub Janiak, National Auditing Union of Workers' Co-operatives, Poland; Mr. Wilhelm Kaltenborn, Gesamtverband Deutscher Konsumgenossenschaften (GDK), Germany; Ms. Gun-Britt Martensson, HSB: Riksförbundet (Union of Housing Co-operatives), Sweden; and Mr. Shigenori Takemoto, Japanese Consumer Co-operative Union (JCCU), Japan.

12. Motions/Resolutions

ICA's Financial Stability

The representative for Folksam, Sweden, Mr. Ellis Wohlner proposed an amendment to the motion submitted by the Board in the form of three additional points. The proposal was approved by the General Assembly and the Board Motion on ICA's Financial Stability (Appendix 1) was unanimously approved by the General Assembly.

Food Security

The motion (Appendix 1) was unanimously approved by the General Assembly.

Co-operative Advantage

The motion (Appendix 1) was unanimously approved by the General Assembly.

Peace and Democracy

The motion (Appendix 1) was unanimously approved by the General Assembly.

Co-op Policy and Legislation

The Motion (Appendix 1) was unanimously approved by the General Assembly.

12.6 .coop

The Motion (Appendix 1) was unanimously approved by the General Assembly.

12.7 Rio Co-operative Declaration

The Motion (Appendix 1) was unanimously approved by the General Assembly.

13. Future Meetings

The General Assembly noted with thanks the offer from the Norwegian Co-operative Movement to host the ICA General Assembly 2003 in Oslo, Norway in September 2003.

The General Assembly decided to hold the next ICA General Assembly in Oslo, Norway in September 2003.

14. Closing of the General Assembly

The outgoing ICA President, Mr. Roberto Rodrigues congratulated Mr. Ivano Barberini, the four Vice-Presidents, and the incoming Board and Audit and Control Committee members. He wished them all success in their new mandates.

Mr. Rodrigues then invited Ms. Stefania Marcone of Legacoop to the podium, where she made a presentation of the incoming ICA President, Mr. Ivano Barberini. Mr. Barberini made a brief presentation highlighting issues he considered important in his new function as ICA President.

Mr. Roberto Rodrigues on behalf of the General Assembly expressed his sincere appreciation to the host, the National Agricultural Co-operative Federation of

Korea, for their tremendous efforts. The efficient arrangements had enabled ICA to have a very successful meeting. He also thanked Mr. Chung Dae-Kun, Chairman of NACF, and Mr. Churll-Hee Won, ICA Board member and Mr. Shil-Kwan Lee and all their hard working staff.

Mr. Rodrigues also thanked all the ICA staff for their hard work in making the event a success. He further thanked the interpreters who had facilitated the discussions during the meetings. And finally, he thanked all the ICA members that had come to Seoul in such large numbers:

“It is only through your continued support that ICA can carry out its role – and it is thanks to you that the ICA exists. I hope you all feel that our meetings here have been worthwhile and I count on you all in implementing the decisions that have been taken together here. The future of Co-operation is in your hands. Let us join together to make the co-operative difference to our members, our communities, our nations, our regions and the world.”

Mr. Rodrigues wished a safe trip home to all and declared the ICA General Assembly 2001 officially closed.

Roberto Rodrigues
ICA President

Karl-Johan Fogelström
ICA Director-General

INTERNATIONAL CO-OPERATIVE ALLIANCE
General Assembly, Seoul (Korea)
Resolutions adopted 17 October 2001

ICA Financial Stability

Submitted by the ICA Board

The ICA General Assembly,

DECLARES that ICA is indispensable for the co-operatives in the world as an advocate, promoter and defender of the co-operative identity, as the global representative for the co-operatives in international fora, as a promoter of co-operative development in developing countries and in countries in transition, and as the focal point in the vast network of co-operatives representing various sectors in the whole world.

NOTES that ICA has experienced a very difficult year 2000 and that all ICA member organisations, through the ICA Annual Report 2000, have received information about the financial result for the year 2000 and the main sources for the deficit.

NOTES that during this ICA General Assembly 2001 the representatives have received information about the reasons for the deficit and information about the measures taken and planned to be taken by the ICA Board and the Secretariat to rectify the situation.

NOTES that the projection of the financial result for 2001 indicates that ICA is achieving balance between revenues and expenditures, but that ICA's liquidity situation, as a result of the deficits, has developed in a negative direction requiring urgent action.

RECOGNISING that the ICA Board has decided to create a Task Force to be appointed without delay by the new Board among the ICA Board members to work together with the ICA Director-General to restructure, reform and improve the efficiency of the work of ICA in its entirety, to review its financial, organisational and subscription frameworks and relationships between the central and regional offices and report by 1 December 2001.

RECOGNISING that the ICA Board has decided that ICA shall reduce its expenditures by 10% in 2002.

ASKS to approve the following measures in order to restore ICA's financial stability:

1. a 10% increase of the annual subscription fee, including the minimum as well as maximum level subscription, for the year 2002 and onwards;
2. that ICA member organisations pay the increased subscription fee in advance upon receipt of invoice by end of October/early November 2001, and not later than 31 December 2001. In extraordinary cases the payment can be made in two instalments of 30% immediately, with the balance, 70%, paid by 31 December 2001;
3. that immediate firm action be taken to recover as much as possible of the CHF 400,000 in unpaid subscriptions; or that memberships be terminated in accordance with Article 7A of the ICA Rules;
4. that lists be published before each year's Regional/General Assembly of organisations not meeting their obligations;
5. that Board members whose organisations do not meet their obligations in full be automatically excluded from Board meetings / activities.

Food Safety

Submitted by the Japanese Consumer Co-operative Union JCCU

The ICA General Assembly,

NOTES that one of the outcomes of the globalising economy is the harmonisation of national food safety standards by international bodies inter alia the FAO/WHO Codex Alimentarius Commission,

COMMENDS the ICA for taking initiatives to protect consumer rights and safeguard consumer health by its participation in international bodies dealing with food safety issues,

RECOGNISES the need to push governments and international standards organisations in formulating the international standard to secure food safety,

CALLS ON its member organisations to strengthen the business efforts to provide safe and reliable food and the international co-operation among them,

ASKS that member organisations urge governments and international standards organisations to enhance public trust in food by inter alia:

1. establishing updated legislation and social system for securing food safety to safeguard the public health and intensify the international co-operation concerning food safety;
2. promoting active participation of consumer representatives in policy-making and ensure the transparency of decisions; and intensify such measures in standard setting organisations; and
3. conducting extensive pre-market evaluation and environmental assessment when introducing Genetically Modified foods, require clear and explicit labelling of GM foods and establish the social system for ensuring IP handling and traceability in the distribution process as a prerequisite for labelling.

PLEDGES to establish consumer rights in food safety and safeguard consumer health, by intensifying efforts to:

1. take initiatives so that consumer health becomes a priority in food standard setting organisations;
2. strengthen the international exchange of information and consultation among co-operatives on the various topics concerning food safety.

The Co-operative Advantage

Submitted by the ICA Board

This General Assembly, meeting in Seoul in October 2001,

NOTES the timely focus on attention given to membership of co-operatives by the presentation at the Quebec Congress in 1999, and

RECOGNISING the opportunities that exist in today's world for the application of Co-operative Principles and the organisational form in helping solve the problems of poverty, health, unemployment and other social ills,

URGES member organisations to give renewed attention to the way in which they can promote the "co-operative advantage" in their communities based on practical examples being followed by other co-operatives, and

REQUESTS that the importance of membership be acknowledged, and consequently be a feature of all development activities.

Democracy and Peace

Submitted by the ICA Board

The ICA General Assembly,

NOTING that the greatest threats to democracy and peace are cultural and religious conflicts, social exclusion and concentration of wealth,

RECOGNISING that co-operatives from all sectors and in countries around the world are generating jobs and thus combating social and ethnic exclusion; as well as bringing together individuals who are individually weak into enterprises through which and through their strength are capable to face the wealth concentration,

REAFFIRMING that for these reasons, co-operatives are the perfect allies of governments to defend democracy and peace,

CALLS ON members to reaffirm their commitment to democracy and peace, to give greater visibility to the role of co-operatives in defending democracy and peace in a global economy and to include the phrase, “Co-operatives: Democracy and Peace” on their letterhead, envelopes and other official papers.

Co-operative Policy and Legislation

Submitted by the ICA Board

The ICA General Assembly,

NOTES the importance of appropriate national and local co-operative policies and legislation for the establishment and development of co-operatives,

RECOGNISES the significant efforts of the ICA in working with international bodies to promote better understanding of co-operatives and ensuring that policy and legislation does not hinder co-operatives’ ability to serve their membership,

COMMENDS the International Labour Office (ILO) and the United Nations (UN) for their efforts in putting forward policy statements and documents that will assist governments to better understand the role and of co-operatives and the government – co-operative relationship,

FURTHER COMMENDS the ICA for its support to co-operative legislative issues and endorses the Guidelines for Co-operative Legislation,

COMMITTS ICA on behalf of and with the active participation of member organisations to continue its work with the ILO and UN in the formulation, finalisation and implementation of policy instruments on co-operatives including the revision of ILO Recommendation 127. This should be done through a specific working group, representative of ICA member organisations and specialised bodies.

CALLS ON each ICA member organisation to take contact with their government to ensure that they aware of the initiatives taken by the ILO and UN with regard to co-operatives and that they support the following:

1. The definition of a co-operative as: “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”.
2. The recognition of the Co-operative Values and Principles with special emphasis on the fact that co-operatives are autonomous, self-help organisations controlled by their members.
3. Governmental policies should create enabling environments to enable the growth of co-operatives taking into consideration the special character of the co-operative model of

enterprise, its goals and contributions to the economic and social development of local communities and countries.

4. Governments should in collaboration with co-operative organisations identify and remove obstacles that persist and do not allow co-operatives to compete on a real equal footing with other forms of enterprise.

.coop

Submitted by the ICA Board

The ICA General Assembly,

WELCOMES the introduction of a new top-level Internet domain name that is restricted for the use of co-operatives,

EXPRESSES its appreciation to the National Co-operative Business Association (NCBA) of the United States for the significant efforts taken to obtain .coop for the use and benefit of the world co-operative movement,

RECOGNISES the effective partnership between ICA and NCBA in the start-up phases of .coop,

WELCOMES a continued active and leading role of the ICA in partnership with NCBA in the development and governance of .coop and its Digital Divide Fund,

CALLS ON all co-operatives within the ICA membership and their associated members to register domain names under .coop to promote their co-operative identity and take advantage of the opportunities that .coop will provide to co-operatives to improve their business efficiency, to have access to products developed specifically for the co-operative market, and to support the creation of a Digital Divide Fund for co-operatives to assist co-operatives in their technological growth.

The Rio Co-operative Declaration

Submitted by the ICA Board

The ICA General Assembly,

AWARE of the support mobilised by ICA members for the Rio Co-operative Declaration of December 2000 which underlines the commitment of co-operatives to contribute to creating a more just, transparent and democratic society in which peace, social justice and respect for the environment reign,

REAFFIRMS ICA's commitment to rally the support of millions of members of co-operatives in the quest for peace, solidarity, equity, justice, equality, environmental protection and sustainable development.

AGREES that the Declaration be formally transmitted to the United Nations to convey to the world community the commitment of the co-operative movement to contribute to a more equitable social, political and economic world order, inspired by the Co-operative Principles and values.

THE RIO DECLARATION

The International Co-operative Alliance, meeting at RIOCOOP 2000, (3-7 December 2000), under the banner of "Co-operative identity for the new millennium", noted

Whilst being aware of:

The situation in which millions of human beings live who are afflicted by poverty, by a lack of employment, lack of adequate housing and by inadequate social welfare systems due to the concentration of wealth, and social exclusion;

The growing violence due to arms transfers that worsens social conditions as stressed by the International Code of Conduct, initiated by the Commission of Nobel Peace Laureates;

The serious degradation of the environment that limits the possibility of life for the present generation and for those not yet born, and that threatens the planet that is our only home; and

The absence of solidarity that characterises this era with the proliferation of anti- social attitudes and conduct with impunity, and that generates public and private corruption, actors which pose an imminent danger to democratic society.

Declared:

1. Its willingness and capacity to contribute to a more just, transparent and democratic society as testified by the daily activities carried out by co-operatives all over the world;
2. Its interest in exhorting governments, political parties, organisations of civil society, and all people who love peace to join forces to fight for the reduction of weapons and the elimination of violence, and to struggle for social justice; its reaffirmation at the same time, our disposition as a world organisation to work to generate more employment and decent shelter and to reduce social exclusion;
3. Its willingness to build a society in harmony with nature;
4. Its desire that the co-operative organisation shall continue to contribute to a more equitable social, political and economic world order, inspired by the Co-operative Principles and values, thereby giving effective support to democratic society; and that,
5. The International Co-operative Alliance assumes the commitment to rally the support of millions of members of co-operatives in the quest for peace, solidarity, equity, justice, equality, environmental protection and sustainable development.

Information on Candidates for Election to ICA Board and Audit and Control Committee at the ICA General Assembly, 4 September 2003

Nominations to the Board

Mr Stanley Charles MUCHIRI, Co-operative Bank of Kenya (to be ratified as ICA Vice-President for Africa)

Mr Muchiri is currently Chairman of the Co-operative Bank of Kenya. He succeeded Mr Hosea Kiplagat who retired in February 2003. As a result of this succession, Mr Muchiri is the Vice-President for Africa, to be ratified by the ICA General Assembly in Oslo. Mr Muchiri studied administration, bookkeeping and management at the Co-operative College of Kenya. He obtained a certificate in co-operative administration and is a certified public accountant. He also has a diploma in co-operative management from Turin, Italy and attended the University of Wisconsin (USA). He most recently held the position of General Manager at Muranga Union.

Mr Isami MIYATA, Central Union of Agricultural Co-operatives (JA Zenchu), Japan

Mr Miyata is President of the Central Union of Agricultural Co-operatives (JA-Zenchu) and has worked in the co-operative movement since 1988. Mr Miyata has held the positions of President of Shinshinotsumura Agricultural Co-operative, President of Hokkaido Prefectural Union of Agricultural Co-operatives and Member of the Board of National Press & Information Federation of Agricultural Co-operatives. Mr Miyata was also an auditor with the Central Union of Agricultural Co-operatives and in May 2003 became President of the Japanese Joint Committee of Co-operatives (JJC). Mr Miyata has received a number of awards, including Commendations from the Japanese Minister of Agriculture, Forestry and Fisheries and the Mayor of Hokkaido Prefecture and the Yellow Ribbon Medal for Distinguished Services.

Mr Ousseynou DIENG, National Co-operative Union of Senegal (UNCAS)

Mr Dieng has been ICA Vice-President for Africa for the past four years, prior to which he served on the ICA Board. He is currently Director of the National Co-operative Union of Senegal. Mr Dieng has worked in various sectors of activity including agriculture, fisheries, housing, industrial and artisanal co-operatives. He has actively promoted the participation and integration of women and youth in the movement, the development of trade and commercial activities of co-operatives as well as education and training in how to implement the ICA Co-operative Principles and Values. Most recently, he was member of the ICA Board Task Force proposing the restructuring of the ICA.

Ms Elsa Gun-Britt MÅRTENSSON, HSB Riksförbund, Sweden

A graduate in English, French and Political Science, Ms Mårtensson has played an active role in politics and was Vice Mayor and Mayor of her local town of 60,000 inhabitants from 1985-1997. Elected in 1982 as a member of the Board of the Swedish Association of Local Authorities, Ms Mårtensson then became spokesperson for housing policies. Since 1997, she has been Chair and President of HSB, the National Federation of Tenants, Savings and Building Societies (HSB Riksförbund), Sweden's largest organisation for co-operative housing. Ms Mårtensson is a member of the Board of ICA Housing, CECODHAS, the European Organisation for Housing, and President of the Co-operative section and the Committee for social inclusion. She is also Board member of the Nordic Housing Alliance, the Swedish Co-operative Institute and Swedish Co-operative Centre. At the ICA General Assembly in Seoul, she was elected Chairperson of the ICA Audit and Control Committee.

Nominations to the Audit and Control Committee

Mr Shugo Ogura, Japanese Consumer Co-operative Union (JCCU), Japan

Mr Ogura is President of JCCU as well as President and Chief Executive Officer (CEO) of Co-op Kobe. Mr Ogura joined Co-op Kobe in 1969. After many years of managerial experience, he was elected as President and CEO of Co-op Kobe in 1999. In the same year, he was appointed as a member of the Executive Board of JCCU. Co-op Kobe is the largest and the most successful consumer co-operative society in Japan with 1.42 million members and an annual turnover of JY 309 billion. Mr Ogura has been very actively involved in overcoming the financial difficulties and leading the renewed development of Co-op Kobe and the Japanese Consumer Co-operative Movement over these years.

Mr Roy Berg PEDERSEN, Federation of Co-operative Housing Associations (NBBL), Norway

Mr Pedersen has had extensive experience in the Norwegian Federation of Co-operative Housing Associations. From 1974 to 1985, Mr Pedersen held the position of Adviser on economic and political matters at NBBL. He then became Section Manager and later Organisational Manager and since 1994 has been Deputy Managing Director of NBBL. Other positions held include Chairman of the Board of BS Insurance and Chairman of the Board, BS Media.

Restructuring of ICA 2003: Proposal of the ICA Board

Introduction

The ICA General Assembly 2001 in Seoul created a Task Force to undertake a fundamental review of the ICA. The Report will be submitted to the 2003 General Assembly in Oslo. The members of the Task Force were:

- * Ivano Barberini, President
- * Ousseynou Dieng, Vice-President
- * Pauline Green, Board member
- * Glen Tully, Board member
- * Yehudah Paz, Board member.

The Task Force agreed on the process to be followed namely:

- i. Determining the “normal” conditions for an operational structure
- ii. Establishing the new “norms” and criteria to govern our organisation
- iii. Proposing that all members of ICA think about a strategic picture that will stimulate the change and the development of clearer and more visible initiatives.

The Task Force met on five occasions, on 30 November 2001, 28 January and 13 March 2002 in Geneva and on 18-19 May 2002 in Rome and progress was reported to Board meetings in Columbus, Paris and Lisbon. It consulted with a number of Board members including the Vice-Presidents. The Board adopted the draft Report on October 12 and asked all ICA members to provide comments by the end of February 2003. A further meeting was held in Paris on 15 March 2003 to consider these points. On 17 June 2003 the Board adopted final recommendations along with ICA Rules changes and an implementation plan.

The Board’s proposals based on the Task Force Report will be presented to the General Assembly in Oslo on 4 September 2003 for approval. The original Task Force will be available on the ICA website.

Assumptions Underlying the Report and Recommendations

The assumptions underlying the Report and final recommendations are the need for a global co-operative organisation; the recognition that the process of regionalisation within ICA is still evolving and the importance of specialised organisations especially if properly utilised and developed.

To build the ICA’s medium to long-term future it was necessary to address the deep-rooted concerns and not just secure a superficial restructuring of the organisation and finances in order to alleviate the stress on funding. Consequently attention was focused on the following:

- * Restructuring must strengthen the ICA’s sense of usefulness (in respect to members and its other stakeholders)
- * Efficiency can not be separated from effectiveness
- * Rethinking of the organisation as a whole including relations with Specialised Organisations and committees, regionalisation, membership, ICA’s operational structures (Head Office, Regional Offices), clear governance
- * ICA Finance Policy through rigorous application of transparency and accountability
- * Appointments of Director-General and Director of Finance.

The Co-operative Movement and the General Context

There is no doubt about the role and contribution of the co-operative movement at national and international level. However, we still have a major task in convincing others that Co-operation and the co-operative form of organisation can help in solving many of today’s economic and social problems. Consequently in order to have the strategic project of ICA in harmony with the structural changes of society, our actions should take account of:

Strengthening our visibility at all levels

Interpretation of society's trends to identify the proper change to introduce

Stressing the competitive advantage for co-operatives through ethical and governance issues

Challenging the "individualism" of modern society

Promoting the distinguishing features of Co-operation

Highlighting the challenges of globalisation and the need for global governance strengthening the Co-operative Identity as an agent of change for a different type of globalisation, based on self-determination and social cohesion

Increasing our strong-impact capabilities in areas such as, for example: peace, sustainable development, decent employment, active citizens' participation, civil liberties, food safety etc.

Achieving synthesis through co-ordination, help and control through the Board at a political and strategic level, and through the Secretariat at the executive level.

ICA Mission and Role

The ICA mission statement stipulates that "the ICA is an international non-governmental organisation which unites, represents and serves co-operatives worldwide". The main features of ICA's global role should be:

Representation and lobbying activity with national and international institutions

Interactive relations with members; including a clear communication strategy, spread of best practices and information

Services to members such as development, value-added services, on-line services.

Sectoral Organisations

For clarification purposes, the Board has approved the change of name from **Specialised** to **Sectoral** Organisations which play a relevant role within ICA's framework and activities; however, their potential contribution to the world's co-operatives has not yet been fully realised. Because of the significance of that potential for co-operatives everywhere, its further realisation is a matter of real and immediate concern. In order to increase member satisfaction and the contribution to the effectiveness and standing of the Alliance, a close and careful review of the role of the Sectoral Organisations is required.

A small short-term working group chaired by the Director-General has been set up to analyse the role and relevance of our Sectoral Organisations with particular regard to business activities, resources, regional links, governance, ICA membership. The Sectoral Organisations have nominated three members to work on this group, which reports to the General Assembly in Oslo, September 2003.

These should seek to:

identify possible new areas of activity

improve the relationship between the global ICA and the Sectoral Organisations.

strengthen the relationship between ICA and the Sectoral Organisations at regional level

organise an annual meeting of the Sectoral Organisations with the President's Committee

improve business contacts among members and assistance through the Sectoral Organisations

realise a joint meeting between the Board and the Sectoral Organisations to be updated on the activities carried out and future programmes

examine how resources and administration can be improved. The basic criterion of Sectoral Organisations is to be financially autonomous from ICA. Any administrative services provided by ICA must be paid for.

Thematic Committees

For clarification purpose, the Board has agreed to change the name from **Specialised** to **Thematic** Committees. The importance of the themes which the four committees (communications, gender equality, human resource development, and research) address for the future development of co-operatives is clear. Despite the important results attained, their full potential has not yet been realised. Here too a careful evaluation is required to focus on the broad and basic issues and criteria.

A small-short term working group is being chaired by the Deputy Director-General to analyse the role and relevance of the Thematic Committees with particular reference to the issues of legal, development, new technology, training and education. The chairs of each committee form the basis of this Group, which will report to the Oslo General Assembly.

This should:

- carry out a critical analysis of the role and relevance of each of the Thematic Committees

- bring forward to the Board proposals for the allocation of resources to support the activities of the Thematic Committees and to clarify the role of ICA Secretariat in relation to the working of those committees.

Regionalisation vs Decentralisation

Regionalisation, crucial to ICA's restructuring and reorganisation project, should not be considered as a means to disconnect or separate one structure from the other. It must be considered as an opportunity, a solution to maintain balance and uniqueness within ICA. The development of this initiative must be based on regional specificity and a common global strategy. Decentralisation must be carefully implemented remembering that ICA is a global organisation with regional divisions – not a federation of regions. There must be one set of rules, a global

strategy with regional activity business plans and budgets approved by the Board. In identifying the level of autonomy of Regions and their relationship with Head Office it is necessary to:

- Reinforce member participation
- Promote regional development
- Strengthen specialised bodies
- Seek alliances outside the movement
- Increase ICA status as a global organisation
- Introduce Rule changes where necessary such as the confirmation of regional elected bodies.

Regionalisation should lead to:

- Decentralisation from the global to regional level where appropriate
- Increased member involvement
- Integration of activities
- Increased responsibilities for Regions
- Adoption of policies and programmes to suit the needs of grassroots organisations
- A re-definition of fields of competences and subsidiarities
- A redefinition of ICA's global role
- Special attention for Africa.

Therefore,

a) **Head Office** should:

- Coordinate, monitor, evaluate and support the work of the Regions
- Provide support for and collaborate with Regions and Sectoral Organisations
- Manage relations with international organisations
- Establish and coordinate information and communication networks in priority fields defined by members e.g. trade links
- Manage development co-operation and solidarity funds
- Ensure ICA's economic and financial stability at Head Office and in the Regional Offices
- Implement a Communication Strategy.

b) **Regional Offices** should:

Plan and implement regional development activities in collaboration with Head Office
Have Regional Directors appointments made by the DG and Regional Boards
Ensure Rules are consistent with the global model.

Membership

Strengthening the sense of belonging of the member organisations is a priority for ICA. In order to enhance member active participation and involvement as well as increase the focus of the organisation on services they perceive as meeting their priorities, a new membership strategy is required based on the following considerations:

Redefinition of competencies at all ICA levels

Expansion and widening of membership regionally and globally as a top priority, especially ensuring that members of Sectoral Organisations are also members of ICA. After consultation, it was concluded that regional membership could prove divisive, therefore **three** types of membership are suggested:

- **Members**
- **Associate**
- **Sectoral**

It would be helpful that a specific service level agreement be prepared for each category of membership laying out the services to be received from ICA. The ICA and its management can then be judged on the basis of their ability to deliver the agreed services to members.

The main goals relevant to members should be:

To maximise the number of members of Sectoral Organisations to be direct members of ICA

- * To increase the number of national organisations as members of ICA

ICA Regions have already begun the process of seeking new members and reminding, where appropriate, existing members of their obligations to ICA. The current plan seeks to build on the statistical information presented to the last Board meeting including a mapping exercise of membership trends.

Recommendations

i. Definition of Members

There should be three types of member organisations of the ICA

- a) **Members** - These are the main types of organisations in membership with full participatory powers. Normally they are:
 - National unions or federations of co-operative organisations
 - National confederations of co-operative unions (Apex organisations)
 - National co-operative business organisations with majority individual ownership
 - International co-operative organisations

Exceptionally, they may also be:

- Regional federations or unions of co-operative organisations
 - Individual co-operative organisations (of a multi regional nature)
 - Educational, research and other institutions which promote co-operatives and are affiliated to the co-operative movement
- b) **Associate** – These are organisations which are supporters of co-operatives or are owned and controlled by co-operatives. (Associate and Sectoral members do not have voting rights in ICA's global or Regional frameworks but may participate in their activities.
- c) **Sectoral** - The Sectoral Organisations are branches of ICA, and therefore all their members are affiliated to ICA as **Sectoral members**. Normally, those Sectoral members who are eligible will also be full members of ICA and the Sectoral

Organisations will work with ICA to this end.

Members and Associate members shall pay an annual subscription in proportion to their economic activities or on the basis of the aggregate business activity of their members. Associate members should pay on a reduced scale.

Associate and Sectoral members do not have voting rights in ICA's global or regional frameworks.

ii. Competencies

Reflecting its more active and coordinating role, the Board shall meet minimally twice and usually three times a year. Sectoral Organisations should be invited to one of the meetings together with Regional Directors.

The President's Committee should be established as a committee of the Board, which will meet as necessary between Board meetings to carry forward the business of the ICA. The committee should consist of the President, four Vice Presidents, one member representing the Specialised Bodies and the Director-General (ex-officio).

The Finance Committee should be dissolved and its functions become the responsibility of the President's Committee.

The Audit and Control Committee should develop an enhanced frame of reference reinforcing its role as laid down in the Rules which would include the development of an internal audit, including a social audit.

iii. Governance, Rules and Procedures

The report has identified that the whole area of governance needs careful examination. A description of competencies and responsibilities is required for all parts of the ICA together with organisation charts and

a Code of Best Practice. It is proposed therefore to continue the Task Force as a **Governance Working Group**, which will report to the next General Assembly in 2005. The Group will be composed of the President's Committee plus one from each Regional Elected Body and one senior member of staff. The Board is asked to begin the establishment of this Group, which may also call on expert advice, by the appointment of the five members. Arrangements will then be made for the early appointment of the other members. Reports will be made to each Board meeting.

ICA Finance Policy

Extensive work has been undertaken to provide a clear and reliable picture of the financial situation as well as to assure the financial stability of the organisation. Transparency, accountability and clear lines of responsibility are mandatory for the future. The ICA Finance Policy should be inspired by the following criteria:

a) To increase revenue the Board should:

- Regularly review ICA subscription policy and check criteria
- Develop services for Regions Sectoral Organisations and Thematic Committees
- Charge for specific services
- Introduce revenue targets
- Develop business activity through Sectoral Organisations.

The response of members to the request for voluntary contributions has been very good. However, it is essential that a new budget policy and restructuring process be quickly underway. The main elements should be:

- Financial autonomy based on normalising the ICA financial situation
- Decentralisation defined within the framework of economic and financial sustainability
- On one hand, solidarity must be assured among the different areas and, on the other hand, a central control of Regional Offices especially with regard to financial control, must be provided

The ICA Board decides upon subscription criteria and the redistribution of resources among the different Regions on the basis of solidarity

The regional governing organs must be responsible for their own budget, to assure the equilibrium of the ICA consolidated financial statement

The regional budget, its definition, implementation and control should be the responsibility of the regional elected bodies and the Regional Director in the first instance, with the ultimate adoption, monitoring and enforcement being the responsibility of the Board and the Director-General

Rebuilding in the next four years the appropriate reserves that could guarantee at least six months of ICA activity

Re-examination of the role and activity of the Audit and Control Committee with a view to strengthening it.

(b) Finance Readjustment and Management

The Regional Directors should work out the budget and the work plan in agreement with the Regional Councils and recommend them to the ICA Board

The Director-General is responsible for the implementation of the ICA global budget, prepared in collaboration with the Regional Directors in order to establish the allocation of resources

Regional Directors are responsible for respecting the budget and the work plan. The Director-General checks and reports to the Board

The Director-General and the Audit and Control Committee must maintain a rigorous control over the administrative and financial activities

The Accounting and Financial Review represents a reliable base to implement a concrete re-organisation of the budget and administrative procedures as well as for management control.

Recommendation

i. Regarding subscriptions, all members must pay the fees to the ICA Head Office either directly or through their apex organisations. As a starting point, the base criteria for global redistribution of 75/25 (HO/Regions), should form the principle of redistribution of subscriptions returned to the Regions in line with Article 23, with a commitment to work towards improving the proportions in favour of the Regions.

ii. It is proposed to set up a Working Group consisting of senior accounting officials from member organisations to work with the Director of Finance in establishing a Financial Control Handbook aimed at establishing good and consistent financial and administrative practice throughout the ICA. This Working Group should report to the Audit and Control Committee. Member organisations will be asked to nominate five or six officials as members of this Committee, on the basis of one per Region plus the Director of Finance. Their work should be completed by the end of 2004.

Other Recommendations

Work with young people

The youth seminar in Oslo will give consideration to revitalising the Youth Network and its representation. One member of the Network will be co-opted to the ICA Board.

Communications

A communications strategy will be developed following the early appointment of a communications manager. Particular regard will be given to upgrading the web site; dot coop; publications and developing promotional materials.

Campaign against Poverty and Hunger

Concrete proposals have been prepared by our Director of Development for ICA's global umbrella campaign against poverty and hunger.

Video/Teleconferencing

A feasibility study into video and teleconferencing possibilities particularly

between Regional Offices and Head Office will be undertaken. This should also help to minimise travel expenses as well as making some meetings more efficient and accessible.

Staffing

The 2003 work plan includes a proposal to carry out a comprehensive staff review including structure, job profiling and conditions of service.

ICA Rule Changes

Page numbers refer to the existing English version of the ICA Rules, Policies, Procedures and Standing Orders.

Article 6 Eligibility

Page 9/10

Delete all after first paragraph and replace with

There should be three types of member organisations of the ICA

- a) Members** - These are the main types of organisations in membership with full participatory powers. Normally they are:

National unions or federations of co-operative organisations

National confederations of co-operative unions (Apex organisations)

National co-operative business organisations with majority individual ownership

International co-operative organisations

Exceptionally, they may also be:

Regional federations or unions of co-operative organisations

Individual co-operative organisations (of a multi regional nature)

Educational, research and other institutions which promote co-operatives and are affiliated to the co-operative movement

- b) Associate** – These are organisations which are supporters of co-operatives or are owned and controlled by co-operatives.

- c) Sectoral** – The sectoral organisations are branches of ICA, and therefore all their members are affiliated to ICA as **Sectoral members**. Normally, those Sectoral members who are eligible will also be full members of ICA and the Sectoral Organisations will work with ICA to this end.

Members and Associate members shall pay an annual subscription in proportion to their economic activities or on the basis of the aggregate business activity of their members. Associate members should pay on a reduced scale.

Associate and Sectoral members do not have voting rights in ICA's global or Regional frameworks.

Article 8 Rights of Members

Page 11

- a) remove "at the meetings"

- d) add "excluding Sectoral members" before "to nominate candidates"

Article 11 Subscriptions

Delete para e)

Page 11**Article 12 Authorities**

Add “Regional Elected Bodies” after “Board”

Page 13

Insert new Article 17 “Powers of Regional Assemblies”

Page 16

After third paragraph:

d) Replace with “elect a President of the Region, who will also serve as ICA Vice President subject to ratification by the General Assembly, and elect a Regional Governing Body”

Article 19 Powers of the Board**Page 17**

Add – (new clause) “(a) to develop and monitor a global strategy for ICA”

(Renumber other clauses)

at end of i) “including Thematic Committees”

Page 18

Add new Article 20 after j) “Regional Elected Bodies”:

- a) A Regional Elected Body shall consist of a President, Vice President/s and other members elected by the Regional Assembly for a four-year term. Vacancies shall be filled through election at a subsequent Regional Assembly.
- b) The Regional Elected Body shall be elected as decided by the Regional Assembly as long as it is within the Rules of the ICA

Add new Article 21 Competencies of the Regional Elected Body:

To work within the policy guidelines and decisions laid down from time to time by the ICA Board

To manage the affairs of the ICA at regional level between the meetings of the Regional Assembly

To prepare the agenda and organise the meetings of the Regional Assembly

To reinforce member active participation

To promote sustainable co-operative regional development

To strengthen and expand regional specialised bodies and ensure their co-operation with their global equivalent

To enhance the image of ICA and the co-operative movement within the Region, with national and regional institutions

To establish committees where appropriate

To provide recommendations on membership applications from its Region to the ICA Board

To implement and monitor activities and programmes financed by the Regions, sectoral organisations and ICA partners in collaboration with Head Office

To ensure regional finance and budgeting is strictly monitored and within the general guidelines of ICA

To approve the annual budget and work plan prepared by the Regional Director before submitting to the Director-General and ICA Board for final approval

New Article 22 Thematic Committees**Page 18**

Thematic Committees shall be based on functional or multi-purpose activities and shall receive support from the ICA, as mutually agreed. They will:

- a) Draw up their Rules, which shall be approved by the ICA Board,

- b) Report regularly on their activities to the ICA Board and General Assembly,
- c) Have the right to propose to the ICA Board themes for discussion,
- d) Establish a working collaboration with each other, where practicable and desirable,
- e) Collaborate with the ICA Head Office and Regional Offices, where practicable,
- f) Ensure that their regional committees are established, and operate, in conformity with policies established by ICA and its Regional Assemblies, with regional chairs represented on global committees.
- g) Be entitled to one representative at General Assembly, with voting rights.

Article 26 Director-General **Page 19**

Add new b) “Coordinate, monitor, evaluate and support the work of the Regional Offices”.

Article 27 Responsibilities of Regional Offices **Page 20**

delete first paragraph

add at end of d) “and support elected bodies”

delete penultimate paragraph

Section VI Sectoral Members **Page 21**

Article 28 Sectoral Organisations

Replace all after first paragraph with :

The ICA Board may establish or dissolve, and recognise or withdraw recognition from, international Sectoral Organisations in such areas of economic and social activity of co-operatives as considered desirable.

The Sectoral Organisations shall:

- a) Draw up their Rules, which shall be approved by the ICA Board;
- b) Report regularly on their activities to the ICA Board and General Assembly;
- c) Be entitled to one representative at the General Assembly, who shall have full voting rights;
- d) Have the right to propose to the ICA Board themes for discussion;
- e) Be responsible to their members and seek to establish a working collaboration with each other, where practicable and desirable;
- f) Collaborate with the ICA Head Office and Regional Offices, where practicable;
- g) Ensure that their regional committees are established, and operate, in conformity with policies established by the ICA and its Regional Assemblies, with regional chairs represented on global committees;
- h) Self-finance their activities

Membership Application and Admission Requirements **Page 24**

Paragraph 7, delete and replace with:

“Member organisations having difficulty in paying subscriptions can apply for leniency to the Director-General by 31 March each year as follows:

- a) Members may be granted one year’s postponement of subscription payments provided that the outstanding debt is cleared.

- b) No member should be entitled to more than one year's postponement. If the above definition is not complied with, a final decision shall rest with the Board.
- c) Organisations once expelled from the ICA for non-payment of subscriptions cannot re-apply for membership within five years unless their outstanding debts are cleared."

Subscription Formula

Page 26

Delete 3 and 4 and replace with:

- "3. Minimum subscriptions established by the General Assembly shall be 5,500 Swiss francs.
- 4. Maximum subscription as established by the General Assembly shall be 275,000 Swiss francs."

Standing Order III

Page 27

Representation at General Assembly

- 1. and 2. Replace "5000" with "5,500"
- 8. Add "associate", after "representative"

Standing Orders – Section VI. Specialised Bodies

Page 33

Rename "ICA Specialised Organisations" as "ICA Sectoral Organisations" and "Thematic Committees" throughout.

Remove "8. INTERCOOP" and "10. ICEO"

Replace "ICA Global Women's Committee" with "ICA Gender Equality Committee"

Rochdale Pioneers Award

ICA presents the Rochdale Pioneers Award to a person or, under special circumstances a co-operative organisation, in recognition of their significant contribution to innovative and financially sustainable co-operative activities that have notably benefited their membership. The first recipient of the Rochdale Pioneers Award was Dr. Verghese Kurien, who received the Award at the ICA General Assembly in Seoul 2001.



The ICA is pleased to announce that the Rochdale Pioneers Award will be presented at the ICA General Assembly in Oslo jointly to:

Lloyd Wilkinson (United Kingdom)

Mr Wilkinson has had a distinguished career at the Co-operative Union for over 38 years, 25 of which were as its Chief Executive. He was the youngest appointed and longest serving General Secretary. Mr Wilkinson has been a national representative bringing practical benefits to the Co-operative Union and consequently its member societies.

At an international level, he represented the Co-operative Union at numerous ICA meetings and congresses and was an ICA Board member during 1982-1988 and 1997-2001. Mr Wilkinson has led a full and committed co-operative life.

Francisco Luis Jiménez Arcila (Colombia)

In his long career of over 75 years, Francisco Luis Jiménez Arcila has participated in the creation of nearly 200 co-operative organisations and has significantly contributed to co-operative development in Latin America. A committed co-operative leader, he has worked as professor of philosophy, economy and co-operative legislation in different universities. Mr Jiménez Arcila has been, amongst others, Director-General of the Federation of Housing Co-operatives of Colombia, President of the Co-operative High Studies Centre and President of the Administrative Council of Medellin and has received many awards including the Raiffeisen Medal from Germany, the Gold Medal from the Superior Council of Co-operation in Spain, the title of ASCOOP Lifetime Honorary President, along with the Government's Co-operative Merit Award and National Award of "Solidarity". Mr Jiménez Arcila is 100 years old.