



**ica**

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REVIEW OF INTERNATIONAL CO-OPERATION

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## **Visit the ICA Web site at: [www.ica.coop](http://www.ica.coop)**

for information on the International Co-operative Alliance and details of its rules, structure, activities and sectoral organisations.

Data is also available on the history and current information about the international movement, co-operative publications and co-operative issues. Additionally, there are links to websites worldwide in all sectors of the economy, sites on international organisations and business information of interest to co-operatives.

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# Review of International Co-operation

Vol 100 No 1/2007

Editor: Garry Cronan

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## Editorial



*Garry Cronan, ICA Director of Communications  
and Intelligence Services*

This year is the centenary of the ICA Review. This achievement is worthy of some celebration. There would not be too many specialist journals throughout the world that have continued to operate for over a century. The ICA itself is 112 years old. So, the Review has existed and been supported for almost the whole life of the ICA. A clear demonstration of the importance the global movement has placed on spreading ideas and information about co-operatives. Let's hope we go for another 100 years!

This issue is focused on the forthcoming ICA General Assembly in Singapore in October 2007. We have departed somewhat from our recent tradition of including statutory meeting material in the special ICA Review edition we produce prior to the General Assembly. On this occasion this statutory material for the

General Assembly, along with details of schedules of meetings etc has been brought together into a special booklet for General Assembly participants.

This has enabled us to focus principally on a review of ICA activities since the last General Assembly in Cartagena, Colombia in October 2005. The ICA President, Ivano Barberini and Director-General, Iain Macdonald both take this opportunity to reflect on what has happened during these two years. It is obvious from their reports that the ICA is in a process of considerable change and improvement. Whether one faces internally, with matters of governance and restructuring or externally in terms of its communications and intelligence, advocacy and development programmes much is happening which gives one confidence for the future.

A detailed report is provided on the ICA's popular Global 300 programme. One of the most surprising things to come out of the launch of the first list of the largest 300 co-operatives and mutual businesses was the sheer size of these organisations. No one realised that on their own they would be the equivalent of the 10<sup>th</sup> economy in the world!

The final paper in this issue provides background on Singapore, the host country for the forthcoming General Assembly. The outstanding success of the Singaporean co-operative movement is to be applauded and readers will find this paper of considerable interest.

I hope you find these papers provide useful background for the forthcoming General Assembly.

*Garry Cronan*

## ICA at a watershed in its history



*Iain Macdonald, ICA Director General*

This year's General Assembly in many ways shows ICA at a watershed in its 112 years existence. By the nature of the co-operative movement we have to keep reinventing, revitalising and refreshing our *raison d'être*; keep reminding our members of the essential work we do and through that most co-operative of values – solidarity – ensure the continuation of co-operative enterprise as a viable, exciting and modern alternative to the unfettered free market neo liberal economy. The very theme, *Innovation in Co-operative Business* suggests a new and vibrant approach and our agenda does not disappoint.

Each of our sectoral organisations is involved with relevant and investigative examinations of their areas of work. Whether it is consumerism and the green agenda, agriculture and the WTO, housing and affordability or

health as an alternative to the tyranny of the private sectors – we are at the forefront of the debate.

Similarly our Gender Equality, HRD, Research and Communications thematic committees are all discussing the crucial issue of maintaining their themes as ever present issues within and without of the movement.

We cannot ignore the growing debate on the environment and climate change and so our workshops will examine that theme from a number of perspectives. The timely resolution from the UK will emphasise how the co-operative movement can take an important lead on this issue, showing how our collective strength can act as an enabling agent for real change. The problem with our competitors/opposition is that they are unable by their very nature to agree to anything use-

ful which does not promote their own profitability.

Co-operatives of course do not see that as their number one concern giving us a huge advantage and potential to tackle global problems such as climate change, poverty and conflict.

Indeed our General Assembly will naturally see conflict resolution as a cross cutting issue through all our discussions – particularly emphasised I am sure by our Youth Conference which continues to attract strong support from all over the world and helps to maintain my increasing optimism about the future of the co-operative movement and our constant quest for peace with economic and social justice.

It is perhaps the launch of the second stage of our Global 300 project which will provide most discussion and which most clearly represents the new direction of ICA. From a basically simple idea, Garry Cronan has developed an increasingly valuable tool for use by our members in both an economic and social environment. Whether it is to compare co-operatives with one another, check our social accountability and adhere to our Values and Principles or to encourage intercoop trade this is an extremely valuable development. Anyone who thought ICA had nothing practical to offer can think again! We now have serious data and statistics – long overdue – which challenge

conventional thinking on co-operatives both by ourselves and outside. My own view is that its greatest value is showing how the co-operative movement is at least the size of the 10<sup>th</sup> economy of the world and a serious economic player on the world stage! The challenge is of course to convince national governments and international organisations of this. But serious progress is being made and our Assembly will show that. Just do not let anyone tell you anymore that our Movement is anything but hugely successful!

Less exciting but no less important is the work on strategic planning and restructuring. As I said at the beginning our destiny is to constantly renew. A major report will detail the latest version of this indicating ICA's determination to continually develop. The exciting changes promoted by Cooperatives Europe will be highlighted as will work in Asia/Pacific and the Americas. The problems in Africa will not be hidden but solutions will also be presented.

So what about the future? The General Assembly in 2009 will reflect on the progress made since 2007. I have no doubt that from a practical and strategic point of view that will be considerable. A new fairer and more equitable subscription scheme will be in place – something which has escaped previous Boards for some twenty years. A strategic umbrella will

embrace ICA giving regional freedom of action within a global entity and hence greater authority and influence for co-operation worldwide.

And it is that influence outside of the movement which is so important. It is no use just talking to ourselves while the rest of the world ignores us and continues to implode. We need to convince the world of our importance to their economic and social future and what we can offer in terms of justice, world peace and socially responsible business.



## President reviews last two years



*Ivano Barberini, ICA President*

Everywhere, co-operatives have great opportunities to grow, because modern society needs their role and initiatives.

A vital co-operative enterprise, strengthened by being part of a co-operative network at local, regional and global level, is an indispensable resource for the community it belongs to. In many sectors, co-operatives are able to do what multinationals don't do or co-operatives do it better than multinationals.

However, the path for development is still uphill. In the globalised world, where the challenge is economic as much as cultural, the co-operative system must consist of visionary enterprises setting both the objective of achieving excellent business performances and that of building a stronger distinctive identity.

This is why co-operatives need a shared vision of where the world is going and all the synergies they can generate in order to have a more incisive and visible role within the society. The co-operative system has to be able to affect the dominant economic culture, which is carried out by the globalisation drivers.

Now, many of these issues have an international or a global dimension, therefore they must be faced up to that level. The International Co-operative Alliance is called to do its duty, improving its project, its role and its way of working at global, regional and sectoral level.

First of all, to achieve this goal, ICA must innovate itself. Keeping in mind that "Global ICA" means the whole ICA family – central, regional and sectoral.

Certainly, it is not the first time that ICA has to face an imperative like this.

Born at the dawn of modern globalisation, it went through the whole twentieth century and has entered the twenty first century, strengthened by difficulties and recurring crisis on which ICA engaged its members in its choices of change.

Our commitment of making ICA more effective has really improved during the period of time between the ICA General Assembly, which took place in Cartagena (Colombia) in September 2005 and the GA to be held in Singapore next October. The strengthening of ICA, regionally and globally, has been a priority, and this would be achieved through working together and improving the relations between ICA and its members, as well as, among members themselves.

ICA counts on and benefits from the increasing and qualified commitment of dozens of managers and co-operative leaders acting in working groups, thematic committees, sectoral organisations, regional bodies, the ICA Board and regional and global offices.

The ICA Board, in office for two years, has worked hard to make some proposals to the GA in Singapore.

A widespread responsibility and a higher decentralisation towards ICA regions were jointed to a team spirit

and to effective work on global themes. In order to keep this commitment, we have to share firmly our co-operative basic values as well to continuously update our strategies and operational activities, related to the changeable general context.

Thanks to this wide participation, in spite of the very limited resources, global ICA is involved in several important activities, aiming to build a more effective and articulated organisation.

In particular, I wish to mention: The Global Campaign against Poverty with ILO, the on-going regionalisation process, the focus on ICA Africa by a Board Commission, the re-definition of ICA governance, the review of the ICA global vision, mission and strategy, the four-year programme and budget, the ICA restructuring and membership, the communication strategy, and the 300 largest co-operative project.

These initiatives were set to achieve four main objectives: - the strengthening of the democratic life and the way of working within ICA; the shared definition of a vision and a middle term strategy; the improvement of the co-operative reputation and the diffusion of best practices.

These activities aimed at achieving some permanent goals, such as: safeguarding co-operative uniqueness; strengthening the role of representa-

tion; developing a stronger involvement in international lobbying and increasing dialogue with the main international institutions; promoting the co-operative image; mainstreaming gender policy; spreading useful information to encourage better practices (best practices, country reports, case studies, innovations); providing a forum for discussion and a system able to encourage its members to work together to find new ideas and establish partnerships; developing a promotional policy in areas of the world with a weaker co-operative presence and encourage the interest and commitment of young people in the co-operative movement.

The fight against poverty, the preservation of international peace through the creation of decent work and the economic development, linked with the improvement of standard of life, represent the main point of collaboration between ICA, ILO, UN and other international institutions.

The commitment to peace, social justice, democracy, freedom and solidarity is the pillar of co-operation and represents the basis for an active and responsible participation, aiming to continuously open up new ways for achieving true human development.

It's no accident that the theme of ICA and UN International Day of Co-operatives 2006 and 2007 were respectively "co-operatives and the pursuit of peace" and "co-operatives values

and principles for corporate social responsibility". These topical themes are closely connected.

The Memorandum of Understanding, signed by International Labour Organisation and International Co-operative Alliance made their collaboration more cogent and concrete, including a joint annual check on achieved results.

As regards the restructuring of ICA, the regionalisation process, decided back in 1992, made important steps during these last few years. The decision made at the Oslo General Assembly 2003, on the basis of the proposals made by the Task Force, created the premises for a more effective structure of ICA.

However, the regionalisation debate has not been simple, nor concluded. The fear that it can cause a split has been a constantly recurring theme in discussions about the organisation.

Supporting the development of the co-operative movement is a considerable task to carry out – revealing the multi-dimensionality of the co-operative organisation.

The experience made in the last few years called for an opening of a new phase of the restructuring, able to take into consideration the specificities of each region and the integration at global level.

More and more, the International Co-operative Alliance must act like a “governed network”, made by vital and self-determined nodes, united by shared vision, values, rules and strategic objectives. This can be a much more effective way, consistent with the nature of ICA, rather than the combination “centralisation/decentralisation”.

Based on their approved multi-annual programmes, the ICA Regions are working well, carrying out several qualified initiatives, which are highly appreciated by ICA members and, often, by stakeholders and Institutions.

Working in the hard African context, ICA-Africa has to face a very difficult situation, due to the weakness of its associated co-operative organisations, which affects the financial equilibrium of the Regional Office.

The on-going restructuring aims to achieve a sustainable way of working and to strengthen the sense of belonging of ICA African members. In that continent, the worldwide co-operative movement should assist co-operatives, but their problems cannot be solved without a strong commitment of African co-operators.

The organisations built to last are always committed to innovate.

The main ICA structural change, realised in the last two years, was the setting up of Cooperatives Europe. It

has been essential to the strengthening of co-operative representation in Europe and it is important that the new organisation is part of the ICA – that it is its European region.

Even more than a legal form, the essential factor in creating unity is a strong willingness to build an organisation that ensures the dual goals of jointly strengthening the ICA, both regionally and globally.

Concerning an agreed global strategy for the International Co-operative Alliance, the workshop, promoted by the Governance Working Group, in Stockholm, in September 2006, made a first step. Its main goal has been to help the ICA to be a focused organisation, providing tangible benefits for its members. That means to ensure the dynamism and strength of ICA through effective project and programme, renewed structure and service offering.

The adopted method and proposals are really helpful to clarify the role of the ICA in the short term; to identify the strengths, priorities and united action, a shared vision and strategic direction, well-defined governance rules and to improve significantly the reputation and recognition of co-operatives globally and amongst key target audiences. These guidelines represent a very good landmark for the restructuring of ICA and for the middle term planning of its activities.

The implementation of some of the most important strategic objectives was the aim of the setting up of an ICA Restructuring Working Group. The mandate given by ICA Board has been to table some recommendations on membership and revised subscription formula as well as on the most suited organisational global structure for the ICA which would best support the fulfilment of the proposed mission, vision and 4-years strategic plan for ICA itself.

The membership theme is as essential as it is complex. For a long time, many of the issues tackled by RWG have been without a satisfactory solution.

The wide documentation provided by the RWG opened an unprecedented and serious debate within the ICA Board, thanks to the Chair of the Group, Mr Alban D'Amours, and his organization, which expended considerable effort and energy to facilitate it. Reaching an effective and widely shared conclusion on new membership criteria and subscription formula is indispensable to put them in practice.

We must take all the time needed to the attainment of this goal.

In the last few years, ICA has devoted particular attention and intense work to elaborate and implement its communication strategy. The co-operative system is a very complex phenome-

non. Often, co-operatives are victim of warped information, carried out by people or organisations that ignore or mystify the facts.

In general, the resources at our disposal to implement effective communication are scarce. ICA has been committed to adopting some new communication means economically sustainable. We achieved some important and highly appreciated results.

The research on the worldwide largest co-operatives has aroused interest and caused wonder, as happened, for instance, on the occasion of the Responsible Globalisation Forum, which took place last year in Lyon (France).

This work has been very difficult, because there are several different structures or legal forms, adopted by the largest co-operatives. In its first stage, the Global 300 project aimed to classify the co-operatives on the basis of their annual turnover.

Besides a more complete and precise statistical analysis, the work in progress is aimed to add some more qualitative information. The use of some other parameters can better highlight the performances achieved by co-operatives in all economic sectors.

Creating a network among the largest co-operatives can give them an important contribution to compete in

the globalised economy, where new subjects, like China and India (and, probably, Russia and Brazil) are playing a stronger and rising role.

Today, the interdependence between local and global issues is clear everywhere. Sharing knowledge and experiences achieved by co-operatives operating at national and international level helps each one of them to update their competitive strategy,

This was the aim of the first CEO's Forum, held in April 2006, which saw the active participation of almost twenty large co-operative groups coming from all regions.

In conclusion, we can say that the work carried out by ICA global and regional offices, elected bodies, committees and working groups during the last two years produced some very important achievements, even if some of them are not still conclusive.

I wish to thank all of them heartily for this wide commitment and for the support by ICA members.

On-going change in ICA is a sign of its vitality. However the way we have to cover is still long, because the process of change is unbroken. I am sure that that commitment will continue with the same dedication, innovative spirit and willingness to work together.

## Highlights

# From Colombia 2005 to Singapore 2007 – a summary of ICA activities

### International

- development of co-operative day themes
  - 2006 - *Peace building through co-operatives*
  - 2007 - *Co-operative values and principles for corporate social responsibility*
- support for COPAC and organising two development conferences
- setting up and development of international accounting standards working group
- improved links with NGOs
- the promotion of Dot Coop
- improved Memorandum of Understanding with ILO - shared staff facility
- closer liaison with WOCCU

### Development

- setting up and development of Africa Commission
- continued promotion of global poverty campaign
- liaison with partnership programmes
- tsunami reconstruction work
- preparation of disaster protocol

### Communications and Intelligence

- redesign of main ICA website [www.ica.coop](http://www.ica.coop)
- new ICA co-operative news aggregation site launched [www.icanews.coop](http://www.icanews.coop)
- new ICA co-operative business site, [www.global300.coop](http://www.global300.coop) launched

- joint ICA/ILO Cooperating Out of Poverty website redesigned and relaunched.
- ICA Digest – further expansion of content per issue. Produced in English, French, Spanish, Russian, Italian and Portuguese editions.
- first Global 300 ranking of the world’s largest co-operative and mutual businesses launched
- Global 300 programme expanded in 2007, to include more financial and economic analysis, the Developing 300 ranking and the National 100 project

## **Membership**

- 14 new members
- visits by ICA President to ICA members in Israel, Belgium, UK, Italy, France, USA, China, Canada, Japan, Vietnam, Peru, Sweden, Tanzania, Sri Lanka, Poland, Bulgaria, Argentina, Uganda, Lesotho, Mexico
- received visits from ICA members in India, Norway, Switzerland, France, Italy, Malaysia, Brazil, UK, Japan, Finland, Korea, Canada
- improved database and statistics
- improved support for sectoral organisations

## **Governance**

- the continuing work of the Governance Working Group
- introduction of induction and training for board
- development of global strategy and planning framework
- continuation of regionalisation process
- consideration of recommendations by Restructuring Working Group on ICA and subscription formula
- board meetings held in Brussels, Washington, Stockholm, Trento, Leon and Paris
- regional assemblies in Peru, Sri Lanka, Tanzania and England
- several regional lobbying, advocacy and training events

## **Finance/administration**

- setting up of Cooperatives Europe
- continued stabilising of ICA finances
- increasing share of resources to regions

## The Global 300 project – measuring co-operative performance and difference



*Garry Cronan, ICA Director of  
Communications and Intelligence Services  
Director, Global 300 Project*

### Introduction

The co-operative world is not as well known as it should be. It is hard to pinpoint the exact reason, but part of the problem is that the movement is not able to sufficiently brand itself in the public mind. Who and what are co-operatives? How do we show the economic and social significance of the movement? What is distinctive about the co-operative way of doing business?

We have as a movement not been as effective as we should have been in getting our “message” out. However, any message needs to be based on facts which we can substantiate. The real value of co-operatives in an economic and social sense is not known. Virtual pieces of data on co-operative performance and operation are missing. We have been the poorer for its absence.

The ICA developed the Global 300 listing to help fill this gap. Specifically, we hope this programme will help demonstrate that co-operatives work in the global marketplace; increase the visibility of the co-operative business model; and provide evidence to help argue the co-operative case.

The idea at the centre of the Global 300 programme is simple - it is a ranking of the largest co-operative and mutual businesses in the world. The concept of a global ranking, similar to the Fortune 500 and other lists of public, for profit corporations, was introduced at the International Co-operative Alliance’s (ICA) General Assembly in Cartagena, Colombia in October 2005. The first preliminary listing of the largest 300 co-operative and mutual businesses in the world was released by the ICA at the *Forum*

for a *Responsible Globalisation* in Lyon, France, one year later, in October 2006. The 2007 Global 300 will be unveiled at the forthcoming ICA General Assembly in Singapore in October, 2007.

## Methodology

The following approach was adopted in compiling the first Global 300 listing.

- Revenue was selected as the criteria for selection and ranking within the provisional Global 300 ranking. This approach was modelled on the USA's National Cooperative Bank Top 100 list. It is acknowledged that this criterion is something of a blunt instrument, and may understate the significance of many important areas of co-operative activity.
- Audited public accounts were used. It was important that there was an independent verifiable source for the financial figures used to determine inclusion and rank within the Global 300. The highest level of audited business aggregation was used.
- The Global 300 includes a range of co-operative and mutual business structures – which can be classified as:
  - Consortium + federation
  - Co-operative groups

- Companies controlled by co-operatives
- Co-operative enterprises
- Mutual enterprises

It is important to note that there is no “normal” way in which these large co-operative and mutual businesses structure themselves; it appears to vary according to the sector of operation and the national history and legislative frameworks. Also, if a co-operative or mutual group had majority ownership of an underlying (non-co-operative) business it was included if brought to account in the group's balance sheet.

Currency – US currency was used with local currencies converted into USD on the conversion rate at respective 2004 financial year end. The data in the first listing was based on the 2004 financial year.

## Data Sources

Three principal sources were used.

- Extensive independent web searches. A large amount of information, including annual reports, etc are available, in a variety of languages, on most of the websites of the Global 300 co-operative and mutual businesses. (We have downloaded many hundreds of these annual reports and associated documents – they comprise a very useful

if previously underutilised resource on co-operative operation.)

- Existing co-operative and mutual databases at national, regional and sectoral levels plus more general corporate listings.
- Additional material provided directly by individuals or organisations.

### Published Information

The following information was published at the time of the launch of the provisional ranking in October 2006. See [www.global300.coop](http://www.global300.coop) for the full 2006 listing.

- Rank (by turnover)
- Name of organisation
- Co-op/mutual structure
- Country of origin
- GCIS (an industry classification system)
- Year of establishment
- Turnover FY 2004 in USD
- Assets FY 2004
- Website address

### What Have We Learnt?

There were a number of real surprises – no one expected the aggregate turnover to be quite as large as it was. There was also confirmation of what was known intuitively to most co-operators. Most large co-operative

were concentrated into several well known “co-operative” sectors.

### The key findings were:

- The combined turnover of the Global 300 was almost USD 1 trillion dollars – USD 963 billion (EUR 755 billion)
- By way of comparison, Canada the 9th economy in 2004 had a GDP (nominal) of USD 979 billion
- Turnover ranges from a minimum of USD 600 million up to USD 53 billion
- The Global 300 are concentrated into three key industry sectors:
  - Agriculture – around a third of the list, (33%) represented in virtually every country showing the universal application and success of this business model
  - Retailing and wholesaling – around a quarter of the list (25%)
  - Financial institutions, including insurance, banking, diversified financial and credit unions – around 40%
  - Other areas represented include energy, health and manufacturing
- Most of the co-operative and mutual businesses were between 50 and 100 years old. The result of many generations of co-operative

development activity in their respective countries.

- Twenty eight (28) countries were represented in the list. They were in alphabetical order Austria, Australia, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Israel, Ireland, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan-China, United Kingdom, and USA.
- Approximately, 63% of the Global 300 turnover came from co-operative and mutual businesses in Europe, 20.4% from Asia-Pacific and the balance from the Americas, overwhelmingly North America.
- The top ten (10) co-operative and mutual businesses were:
  - Zen-Noh, Japan
  - Zenkyoren, Japan,
  - Crédit Agricole Group, France
  - Nationwide Mutual Insurance, USA
  - National Agricultural Co-operative Federation, Korea
  - Groupama, France
  - Migros, Switzerland
  - The Co-operative Group, UK
  - Edeka Zentrale AG, Germany
  - Mondragon Corporation, Spain.

- Countries with the largest total Global 300 revenue in decreasing order were:

- France
- Japan
- USA
- Germany
- Netherlands

- Countries with the most Global 300 co-operative and mutual businesses were:

- USA
- France
- Germany
- Italy
- Netherlands

- Countries with high % of GDP coming from Global 300 turnover

- Finland 21.1%
- New Zealand 17.5%
- Switzerland 16.4%
- Sweden 13.0%

- Co-operatives and Competitiveness:

The World Economic Forum recently released a 2006 ranking based on 2004 data of the most competitive economies in the world. It is interesting to compare the top three (3) most competitive economies with the top four (4) countries listed above with the highest percentage of GDP coming from Global 300 co-operatives or mutuals. There is on the surface a

strong correlation between the economies with a significant % of co-operative activity and that of competitiveness.

## **2007 Global 300 programme**

The response to the first Global 300 ranking has been very positive. Most commentators and ICA members have welcomed the initiative and suggested that it be expanded in scope and depth of analysis.

The timing of this initiative has been opportune. It has in some ways acted as a symbol of the new direction the ICA is taking, including moving towards an evidence base for its advocacy, representation and communications activities. Also, we are seeking to develop “new” value added products and services for our members, particularly focused on measuring competitive and co-operative performance.

In response to feedback received, the programme for 2007 has been enlarged with several new elements added. The main components of the 2007 programme are:

- Collection and analysis of more detailed financial data for each of the Global 300 businesses. We are effectively collecting almost full balance sheet and P&L data. This is allowing us to do extensive ratio and other analysis, benchmark performance both between co-opera-

tives and also their competitors, particularly for the top 100 within the Global 300. Also, we now have at least 2 and in some cases 3 years of detailed financial data, thus enabling us to start some trend analysis. We have also introduced some sector analysis of the financial performance of Global 300 co-operatives and mutual businesses.

- We have increased the amount of organisational and market information we are collecting on the individual co-operative businesses. Examples of this include the structure of the business, market share, countries of operation, brands, mergers/acquisitions, credit rating, capital adequacy, accounting standard, public (partial) listings, CEO and other organisational contact details.

- To compliment the financial, organisational and market information, we have this year also commenced a process of trying to map and value the Global 300's Corporate Social Responsibility (CSR) and Co-operative Principles and Values performance. In essence, to measure for the first time the co-operative difference at a global level. We are collecting a range of quantitative and qualitative data in this area. In particular we are looking at gathering for at least the top 100 of the Global 300 total employment and membership figures. We

are also trying to gather data on the amount of monies these organisations are giving to their community and other stakeholders as well as monies given directly to development (including co-op development) both within their own countries but also internationally.

- As part of our sectoral analysis we will be examining the way in which the top ten performing Global 300 businesses by sector distribute their surpluses between retained earnings, distributions to members and taxes paid.

- In addition to the more detailed analysis of the Global 300 we have also commenced two related activities:

- Developing 300
- National 100

More detail on these two initiatives is set out later in this paper.

### **Global 300 (draft) CSR measure – from principles to practice**

At the heart of this year’s Global 300 programme is the development of a draft measure of Corporate (or rather Co-operative) Social Responsibility, (CSR).

Co-operative principles, in particular the ICA’s Statement of Co-operative Identity is the basis for most co-operative operation throughout the world.

The Statement of Co-operative Identity contains many aspects which are the basis of the modern concept of CSR. As the ICA’s 2007 International Day of Co-operatives statement noted co-operatives have in many ways been pioneers of CSR.

However, the co-operative movement has not done as much as it should have in measuring this co-operative difference. It has allowed others to claim credit for the concept. It is time we developed a consistent and rigorous framework to better measure the way we operate - to demonstrate the combined economic and social benefits.

Some of the best examples of CSR performance are to be found among Global 300 co-operatives and mutuals. However, what is very obvious is that co-operatives are not reporting their activities in a consistent way. If anything many are simply following the normal reporting approach of their investor oriented competitors. To help supplement this still as yet incomplete and inconsistent CSR approach we have developed a draft Global 300 CSR methodology drawing on the best of existing CSR performance by co-operatives and other leading standards such as the Global Reporting Initiative.

## Global 300 “rainbow” CSR methodology

To draw attention to this co-operative approach we have used the ICA logo of rainbow colours to highlight seven different draft CSR areas or streams of activity we have identified. The seven CSR areas, (starting with the colour red) are:

- **People** – represents customers and employers and all aspects that relate to these fundamental stakeholder groups.

- **Products** – represents the organisation’s products/services, marketing/labeling, supply chain and interaction with suppliers, around codes of conduct and sustainability.

- **Principles** – represents the underpinning values and principles, as well as the targets, monitoring and day-to-day implementation of CSR throughout the organisation and externally. It attempts to identify organisations that have truly integrated CSR into their strategy and working culture.

- **Environment** – represents all environmental or green initiatives with data on renewable energy, waste, transport, energy use, climate change, animal welfare and biodiversity. Process, accreditations and targets are also included along with research and green marketing.

- **Community** - represents local/national initiatives ranging from youth, healthcare, education, employment, working with Governments/NGOs to culture and sponsorship.

- **Democracy** - is fundamental to highlighting the co-operative difference and represents members and governance. Criterion includes democratic participation, education, training, diversity, board representation, dividends and satisfaction.

- **Development** - focuses more upon international initiatives, support and collaboration with other co-operatives, from philanthropy, sharing expertise, work with NGOs/Governments, disaster relief and favourable access to products.

We will highlight best practice examples from each of these streams at the 2007 Global 300 launch.

## Developing 300

The launch of the Global 300 project has brought forward requests for a similar approach to be applied to developing countries. The Developing 300 is therefore looking at the role of large co-operative and mutual businesses in these economies. It will contribute to our knowledge about co-ops in the developing world where so many of our members operate.

The list will be a ranking of co-operatives in terms of their relative importance in national economies. It is proposed to examine 30 developing economies. The methodology will be the same as for the Global 300, i.e. ranking on turnover (highest level of audited consolidation). Using the same methodology will ensure that we have a consistent approach to our inclusion of the various data, level of audited aggregation etc. We aim to collect data on the 10-20 biggest co-operatives in each country in terms of turnover. This will be based on audited accounts, wherever possible.

For the purpose of the Developing 300 list, we have chosen countries from the World Bank's set of low and middle income economies, i.e. Low-income countries, Lower-middle-income countries, and Upper-middle-income countries. We have chosen 15 countries from the first category, 10 from the second, and 5 from the third, altogether 30 countries. We propose the spread in number of countries from each category in order to ensure sufficient variety (from the very poor to the more developed) in terms of income yet staying within the "developing economy" bracket. There are altogether 8 countries from the Americas region, 10 countries from Asia, and 12 from Africa. We propose the following countries from each category:

- Low income:

- Asia – Cambodia, Mongolia, Nepal, Pakistan, Vietnam

- Africa – Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, Uganda

- Americas – Haiti

- Lower-middle-income.

- Asia – Thailand, Indonesia, Philippines, Sri Lanka,

- Africa – Egypt, Cape Verde

- Americas – Bolivia, Paraguay, Colombia, Honduras

- Upper-middle income

- Asia – Malaysia

- Africa – South Africa

- Americas – Argentina, Costa Rica, Mexico

Preliminary results of our work so far on the Developing 300 will also be presented at the 2007 Global 300 launch – it will include some CSR case studies of Developing 300 co-operatives.

### **National 100**

The National 100 is an exciting development. It has arisen out of the suc-

cess of the first Global 300 list. A number of our members have approached the ICA, to apply a similar (Global 300) methodology to the development of national lists. Already Co-operatives UK has produced the *Co-operative UK 100*. We are also actively working with the French and other national movements to produce similar national listings. Obviously, the development of these national lists will feed into the Global and Developing 300 lists and help us build a truly global database of co-operative enterprises for the first time. Once established such a global database will allow our members to compare and contrast the performance of their national co-operatives (and their competitors) with the best performers throughout the world. To help move this process forward we will be holding a *Global 300 – National 100 Workshop* at the General Assembly in Singapore in October.

## **Conclusion**

The Global 300 project is a new and exciting ICA business oriented programme – it has received overwhelming endorsement from members and others. It signals a new direction and emphasis repositioning the ICA as the global champion and major source of knowledge on the co-operative and mutual business model.

The project has the potential to help drive and coordinate global, regional

and national initiatives on data collection and evidence based policy and advocacy.

Finally, it has already proven to be a very powerful communications tool to advance the cause and raise the profile of co-operatives.



# Singapore - the host for the International Co-operative Alliance General Assembly 2007



*Seah Kian Peng, Chairman, SNCF*

## I. General Information on Singapore

### Profile of Singapore

Singapore was founded as a British trading colony in 1819. It achieved self-government in 1959 and joined the Federation of Malaysia in 1963 but separated two years later to become an independent and sovereign nation. It subsequently became one of the world's most prosperous countries with strong international trading links (eg. its port is one of the world's busiest in terms of tonnage handled).

Singapore has a highly-developed and successful free-market economy. It enjoys a remarkably open and corruption-free environment, stable prices, and a per capita GDP of US\$36,452.17 (Q1 2007) equal to that of the leading nations of the

Western world. The economy depends heavily on exports, particularly in consumer electronics and information technology products. Fiscal stimulus, low interest rates, a surge in exports, and internal flexibility led to vigorous growth in 2004-06 with real GDP growth averaging 7% annually. The government hopes to establish a new growth path that will be less vulnerable to the global demand cycle for information technology products - it has attracted major investments in pharmaceuticals and medical technology production - and will continue efforts to establish Singapore as Southeast Asia's financial and high-tech hub.

The island of Singapore (with a land area of 692.7sq km) lies off the southern tip of Peninsular Malaysia and is linked to Mainland Asia by a causeway. By virtue of its tropical location,

Singapore tends to be sunny and humid with temperatures ranging between 28 - 32 degrees Centigrade (82.4 - 89.6 degrees Fahrenheit). Rain falls throughout the year with more consistent rain coming during the monsoon season from November to January. Showers are usually sudden and heavy, but also brief and refreshing.

Singapore Standard Time is 8 hours ahead of Greenwich Mean Time, 13 hours ahead of Eastern Standard Time, 14 hours ahead of Central and 16 hours ahead of Pacific Standard Time.

The population stands at 4.5 million with a growth rate of 1.275% (2007 estimate). Singapore is a multi-racial, multi-lingual and multi-religious society, with an ethnic mix of Chinese 76.7%, Malay 14%, Indian 7.9% and 1.4% other groups.

Most Singaporeans are bi-lingual or tri-lingual, speaking a combination of Malay, Chinese, Tamil and English. English is their common language and the language of administration and commerce. Singapore's literacy rate (for those aged 15 years and above) is 94.6% of its total population, which is one of the highest in the world. Religions found in the country are Buddhism, Islam, Christianity, Hinduism, Sikhism, Taoism and others.

## **Infrastructure**

Singapore is an important telecommunications hub in this region. It is connected by telephone to almost every country in the world. Operator-connected calls provide links to 226 destinations and IDD (International Direct Dialling) service is available to 220 destinations. A video conferencing network covers 40 destinations.

A forward-planning public works infrastructure policy has made all roads almost congestion-free. An extensive network of expressways and roads covers the whole island.

Mass Rapid Transit (MRT), the subway train system in Singapore, offers a reliable and convenient means of public transportation to all corners of the island.

## **Safe Environment**

- Singapore is known to be one of the safest cities in the world, where both locals and tourists can walk freely along the streets, even late at night, without any fear.
- Modelled as a garden city, Singapore has a clean and green environment.
- Singapore also enjoys high health and hygiene standards.

## **Tourism Appeal**

- There is a wide selection of attractions and public places of interest to keep delegates, spouses, and accompanying persons occupied throughout their stay.
- Latest additions include the Esplanade - Theatres on the Bay, the unique CHIJMES (a historical centre for the arts, dining and entertainment), Asian Civilisations Museum and new attractions at the resort island of Sentosa.
- 18-hole and 36-hole golf courses are within 30 minutes drive from the city centre.
- The rising trend towards arts appreciation has resulted in numerous international musical and cultural performances being staged in Singapore.
- The four main ethnic groups - Malay, Indian, Chinese and Eurasian, which constitute Singapore's diverse population celebrate various religious and cultural festivals throughout the year, offering visitors a glimpse of the rich and colourful heritage that is uniquely Singaporean.
- With a high concentration of retail outlets in the city centre and a seemingly endless variety of goods, it is hard to dispute Singapore's reputation as a shopper's paradise.

- Located at the crossroads of an important ancient spice route, Singapore is also well-known as a gourmet's paradise, featuring the best that its varied cultural heritage has to offer.

- Singapore's strategic location makes it easy for delegates to go on pre- and post-conference tours to many exotic destinations in South-East Asia.

## **II Co-operative Movement in Singapore**

Singapore has a vibrant and growing Co-operative Movement. It constitutes an important component of Singapore's social and economic fabric.

### **Background of the Movement**

The co-operative concept was introduced in Singapore as early as 1924 at a time when money-lending was a roaring business. There was, at that time, no institutions, finance companies or banks which wage earners, who were struggling to make ends meet, could depend upon for financial relief in times of need.

The first co-operative in Singapore, Singapore Government Servants' Co-operative Thrift & Loan Society, started in 1925. Its membership was largely confined to public sector employees.

Between 1925 and 1940, more people began to see the usefulness of the co-operative concept of self-help and mutual assistance. Altogether 43 thrift and loan societies were formed to cater to the needs of civil servants, teachers, custom officers as well as those working in the private sector.

The turning point in the development of the Co-operative Movement in Singapore was the launching of co-operative ventures in 1970 by the National Trades Union Congress (NTUC) and its affiliated unions. The NTUC is the national centre for the trade unions, representing most working class citizens in Singapore. Today, the NTUC has 63 affiliated unions with a total membership base of 480,000.

These co-operative ventures were set up as an important component of Singapore to provide a range of quality products and services to members and the general public. This helps to set benchmark for the other economic sectors and has helped to keep inflation at a very low level in Singapore.

The Co-operative Societies Act (1979) revised the earlier legislation (the Co-operative Societies Ordinance) after taking into account social and economic developments since 1925. The Act also made provision for the formation of an apex organisation to enhance the growth of the Co-operative Movement and the Singapore

National Co-operative Federation (SNCF) was accordingly established on 18 September 1980.

Today, 72 Co-operatives are affiliated to SNCF, engaged in various areas of businesses as follows:

- Insurance
- Consumer
- Childcare
- Elder Care
- Print Media
- Trading & Support
- Property Development & Maintenance
- Security Services
- Thrift and Loan
- Travel Services
- Training & Educational Services
- Healthcare Services
- Aged Care & Welfare
- Environmental Services
- Maritime Services
- Manpower Services

### **SNCF's main objectives**

1. To promote the principles and values of co-operatives
2. To promote Corporate Governance amongst affiliates
3. To assist affiliates in developing professional management practices
4. To facilitate networking and co-operation amongst our affiliates locally and overseas

5. To promote co-operatives as a means to address relevant social and economic issues
6. To encourage the formation of new co-operatives and growth of membership in affiliates
7. To strengthen Singapore Co-operative Movement's standing locally and internationally

To achieve these objectives, SNCF focuses on the following areas:

- i. Public awareness programmes
- ii. Consultancy and management
- iii. Co-operation among co-operatives
- iv. Developing new co-operatives relevant to changing needs of society
- v. Human resource development
- vi. Bonding among co-operative leaders and members
- vii. Involvement in regional and international affairs

In order to better serve the needs of its affiliates, SNCF grouped them into four sectors, namely the Campus Co-operatives Sector; the Credit Co-operatives Sector; the NTUC Co-operatives Sector and the Service Co-operatives Sector. The groupings were based on their nature of businesses with the intention for SNCF to provide specialized and tailor-made services to these affiliates.

## NTUC Sector

- The NTUC Co-operatives Sector comprises co-operatives formed by the National Trades Union Congress (NTUC). The objectives of the NTUC Co-operatives are:

- To help stabilise prices of basic commodities and services
- To strengthen and protect the purchasing power of workers

To allow union leaders to gain management experience and to understand the problems faced by management, thus helping to promote better labour-management relations

To date, these co-operatives provide a wide range of services from childcare, housing, elderly care, food courts, supermarkets, insurance, pharmaceutical products, family clinics and dental services, print media to thrift and loan services.

Some of the co-operatives such as NTUC FairPrice Co-operative's chain of supermarkets and NTUC Income Insurance Co-operative have even become household names. NTUC FairPrice has been described by the Far Eastern Economic Review as a "Supermarket Chain with a Social Conscience". NTUC Income is the highest-rated domestic insurer in Asia. Its "AA" rating by rating agency Standards & Poor's (S&P) reflects its dominant position in Singapore's life and general insurance industry as well

as its financial stability and capacity to meet new challenges. Both NTUC Income and NTUC FairPrice are also included in the Global 300 list. The Global 300, the first ever listing of the world's largest 300 co-operatives and mutual organizations, was launched by the ICA in 2006.

## **Campus Sector**

The Campus Co-operatives Sector, comprises co-operative societies formed by educational institutions ranging from secondary schools, junior colleges, polytechnics, Institutes of Technical Education (ITEs) and Universities. Membership of the co-operatives are open to students, teachers, lecturers and staff of these educational institutions. Services provided by co-operatives include sales of books, stationery, sports products, canteen services and travel. One of the objectives of Campus Co-operatives is to help their student members develop their entrepreneurial skills, self-reliance and creativity through the participation in various co-operative activities.

## **Credit Sector**

The Credit Co-operatives Sector comprises thrift and loan societies. The very first co-operative in Singapore was a credit co-operative formed by a group of civil servants in 1925. A majority of the credit co-operatives

are workplace-based where employees of the organization are recruited as members of the co-operative. Today, credit co-operatives play an important role in upgrading the economic and social status through numerous schemes and programmes aimed at preventing permanent indebtedness, promoting thrift and reducing members' cost of living.

## **Service Sector**

The Service Co-operatives Sector comprises co-operatives offering a variety of services to their members. Range of services provided include maritime services, environmental services, security, travel, elderly care, property management, manpower services, welfare, trading and support.

## **Two priority areas of SNCF**

### *1. Promoting good co-operative governance*

As the apex body of the Co-operative Movement in Singapore, the key challenge and focus of SNCF in the coming years will be the promotion of good co-operative governance among its affiliates. To equip the board members and key managers of our co-operatives with a better understanding on their roles and responsibilities as well as the elements of good corporate governance, a series of courses on good co-operative governance were organised. To date, about 370 co-oper-

ative leaders and key managers had attended the course. Strategic planning and good risk management practices courses were also organised for our co-operatives.

In addition, the Registrar for Co-operative Societies, in consultation with SNCF, commissioned auditing firms to embark on a series of operational audits on the credit co-operatives with the objective of identifying best practices and strengthening governance and internal controls. These audits are aimed at raising the operating standards of the credit co-operatives as a whole.

Last year, SNCF in consultation with the Registry of Co-operative Societies, formulated a Code of Governance for adoption by the co-operatives. The main objective of this Code is to level up the governance standards of all co-operatives in Singapore.

### Promoting Social Mission of Co-operatives

Unlike private enterprises which maximize profits for the benefits of their shareholders, co-operatives are built on principles of self-help and mutual help. In addition to meeting the primary objective of addressing the needs and interests of their members efficiently, co-operatives in Singapore also play a visible role in community development. In fact, “Concern for Community” is one of the cardinal principles that distinguishes co-opera-

tives from other business enterprises. Co-operatives are driven by the mission of providing the best value for goods and services for their members and the community.

Each co-operative contributes to those in need according to their ability to give such as:

- Moderate the cost of living for low income households
- Subsidize health screening for senior citizens
- Offer Scholarships and bursaries
- Involvement in Community Service Projects including Adoption of Homes
- Provide start-up business aid for ex-drug addicts
- Promote arts, sports and healthy lifestyle

### Social Indicators

To help measure how co-operatives are performing their social roles, a set of social indicators has been established for the major co-operatives. For example, NTUC FairPrice and NTUC Healthcare have established benchmark pricing and are committed to maintain the lowest priced basket of essential goods as a whole. NTUC Income provides affordable insurance to the masses and offers the best yields on life insurance products.

Credit co-operatives can accept fixed deposit and offer savings and loan interest rates which are competitive in comparison with the major financial institutions. These social objectives help moderate the cost of living in Singapore thus ensuring members and the general public of a better standard of living.

### **Efforts to strengthen the Movement's International Image**

Over the years, the Co-operative Movement in Singapore has been actively involved in the ICA and ILO activities. In fact, some of our co-operatives have also established strong bilateral links with their counterparts in Asia and Europe.

#### ICA Asia-Pacific Singapore Business Office

SNCF has been a Member of ICA since 1985. On 5 July 1999, ICA and SNCF pledged to expand their co-operation when the ICA Asia-Pacific Business Office was established in Singapore. This Business Office helps to enhance the co-operation among co-operatives from other countries. It facilitates the promotion of inter-co-operative trade linkages. The presence of ICA Asia-Pacific Business Office in Singapore has resulted in a number of mutually beneficial developments for both ICA and Singapore.

#### ASEAN Senior Co-operative Management Programme

In 2001, SNCF secured approval from Singapore Ministry of Foreign Affairs to fund and host an annual training programme for ASEAN senior co-operative managers. This intensive 5-day programme covers the overview of the Singapore and Regional Co-operative Movements, the entire co-operative value chain and current management trends and new applications for co-operative development. To date, we have trained over 100 senior co-operators and government officials from our ASEAN neighbours over the past 7 years. The annual programme is managed by the SNCF.

#### Singapore Officials represented in the ICA Regional and Global Committees

Co-operative leaders in Singapore are also involved actively in the ICA Regional and Global Committees. The following officials represent SNCF in different capacities:

- Mr Seah Kian Peng – Member of the ICA Board and the ICA AP Standing Committee
- Ms Goh Ming Huay – Vice Chairperson of the ICA AP Regional Women's Committee
- Mr Poh Leong Sim – Vice Chairperson of the ICA AP Consumer Committee

- Mr Zulkifli Mohammed – Vice Chairperson of the ICA AP HRD Committee
- Mr Teo Say Hong – Chairman, ICA AP Youth Committee
- Associate Professor Poo Gee Swee – Member, ICA AP Consumer Sub-Committee on University/College Co-ops

### **Challenges Ahead**

Attraction of talent, good corporate governance and expansion of market base are the three key challenges that co-operatives in Singapore should aspire for in the coming years.

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