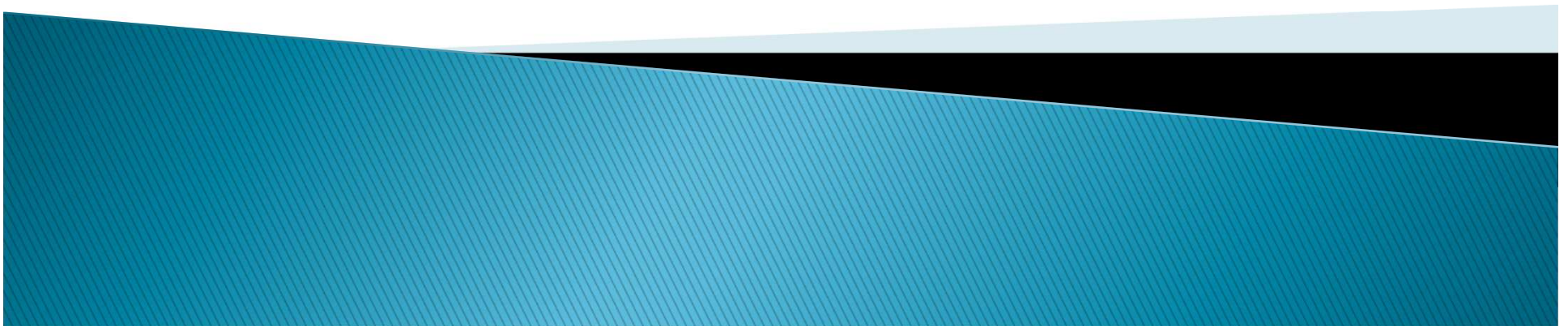


AYDIN TRAINING WORKSHOP
21ST-23RD MAY 2019
TURKEY



SOLOMON ISLANDS



COUNTRY PROFILE

Geographical location

Solomon Islands is an archipelagic state situated in the south-west Pacific Ocean, approximately 2,000 kms to the northeast of Australia. It has a land mass of 28,400 km² extends over nearly 1000 islands comprising 6 main islands main island groups. Majority of the population of more than 84% have been living in the rural area depending on subsistence cultivation and little from commercial farming for food security. The capital, Honiara, is located on Guadalcanal, the largest island among the six islands in the Solomon Islands.



- ▶ **Population**

- ▶ The population of Solomon Islands is 515,870 as per the 2009 national census, is predominantly Melanesian (about 95 per cent) although there are also small Polynesian, Micronesian, Chinese and European communities. There are 63 distinct languages in the country, with numerous local dialects. English is the official language spoken in the country but majority of the locals resort to Solomon Pijins as a common language particularly for communication.



- ▶ **Religion**

- ▶ Solomon Islands is a religious country that predominantly with various churches that practices Christianity. Leading Christian denomination with majority of population in the country including; Roman Catholic, church of Melanesia, South Sea Evangelical church, Seventh Day Adventist and other small denominations.



- ▶ Political overview
- ▶ The UK granted Solomon Islands internal self-government in 1976, followed by independence on 7 July 1978. At independence, Solomon Islands joined the Commonwealth with Queen Elizabeth II as its Head of State, represented by a Governor-General.



- ▶ **Political overview**
- ▶ The country governance system adapted the Westminster governing system including head of state–Governor general– and prime Minister supported by cabinet in administering the country. The unicameral national Parliament comprises 50 members elected for a four–year term under a first–past–the–post voting system. The Prime Minister is elected by a simple majority of members of Parliament.



- ▶ Bilateral Relations
- ▶ Solomon Islands is a least developing country classified according to World Bank country performance Indicators as lower middle income country. This status translate to the country dependency on foreign Aid for development. Traditional donor partners of the Solomon islands are; Australia, Taiwan, Japan, New Zealand and European Union assisting the development in the country mainly in area of health, education and Livelihood sectors. Also, through its multi-lateral ties it had foster relationship with International Agencies such as World Bank, UN and ADB to assist with development of the country underpin from their respective country strategic partnership.



- ▶ Economic Overview
- ▶ Solomon Islands growth prospect entirely depend on agricultural, mining, fishery, logging and tourism sectors which are the main driver of the Domestic economy. Their consistent contribution reflect 3.7% of economic growth recorded for year 2017. Disaggregating these sectors, logging is the leading sector that accounted for 70 % (SBD\$2.4 Billion of SBD\$3.4 Billion on annual export value) of the total export value from the economy. And followed by palm oil industry as the second highest export commodity that representing 16% of export for the national economy.



- ▶ **Others**
- ▶ Population: 515,870
- ▶ Male: 264,455; Female: 251,425
- ▶ Literacy Rate:
- ▶ Male: 88.9%; Female: 79.2%
- ▶ Higher Education:
- ▶ Solomon Islands National University
- ▶ Work Force:
- ▶ Agriculture: (Production for commerce)
- ▶ Male: 14,421; Female: 11,318



- ▶ Others – Work Force
- ▶ Agriculture: (Produce for own Consumptions)
- ▶ Male: 35,266; Female: 52,686
- ▶ Government:
- ▶ Male: 30,189; Female: 11,893
- ▶ In Parliament
- ▶ Male: 48; Female: 2
- ▶ Land Ownership:
- ▶ Largely organized along tribal lines



ROLES & FUNCTIONS

- Registration & Deregistration
- Auditing, inspection & Accounting
- Conciliation & Arbitration
- Advisory & Training
- Meetings & Policy advancement
- Review & Reform of co-operative movement and Legislation



FIELD DEVELOPMENT SERVICES

- ▶ (a). Routine audits and inspections of cooperative societies.
- ▶ (b). Assist in budgeting and production of cooperative financial statements.
- ▶ (c). Appraisal and formulation of projects for further development and funding.
- ▶ (d). Feasibility studies in potential areas for expansion and improvements.



FIELD DEVELOPMENT SERVICES

- ▶ (e). Provision of management advices to cooperative managers and officials.
- ▶ (f). Assist and find marketing outlets for cooperative products either locally or overseas with the assistance of relevant Divisions within the Ministries.
- ▶ (g). Make recommendations for improvements and expansion to relevant responsible authorities.



TRAINING & ADVISORY SERVICES

(a). Office consultations, trouble shooting and problem solving. Where there are real weakness among societies, officers of the Division will have to spend more time with them to re-organize the operation.



(b). Conduct Cooperative Seminars, workshops and on-the-job training for co-operative employees.



TRAINING & ADVISORY SERVICES

- ▶ (c) Conduct duration courses on management and accounting skills, for managers and secretaries of cooperatives.
- ▶ (d) Identify areas of relevant study tours or attachments either locally overseas for cooperative managers.
- ▶ (e). Advise on matters relating to Government Policies relating to Commerce, Cooperative laws, regulations, by-laws and principles.
- ▶ .



PROMOTION AND DEVELOPMENT OF COOPERATIVE ENTERPRISES

- ▶ To continue encouraging and assisting rural communities or groups in forming and organizing various types of cooperatives in areas well suited. Identification of potential projects for expansion and activity diversification;



THE TARGETED AREAS ARE;-

- ▶ (a). To encourage farming and productive cooperatives in the rural areas.
- ▶ (b). Encourage small scale Timber milling, furniture and small medium industries in any sorts, either rural or urban, working closely with relevant Ministries.
- ▶ (c). Assist and encourage land Development/land purchase cooperative in joint supervision, with Ministry of Agriculture and livestock.
- ▶ (d). Research and establish marketing cooperatives to cater for cooperative product.



PROMOTION AND DEVELOPMENT OF COOPERATIVE ENTERPRISES

- ▶ (e). Encourage consumers cooperatives among the employees (workers cooperatives) only in the urban areas.
- ▶ (f). Encourage women's sewing cooperatives and other related activities where women can work together.
- ▶ (g). Handicraft cooperatives for carvers.
- ▶ (h). Fishing cooperatives for fishermen and other marine resources.



CO-OPERATIVE: Definition

- ▶ The 1995 Manchester Declaration on the ICA Co-operative Identity statement (ICIS) has defined
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.



SI COOPERATIVE MOVEMENT IN BRIEF

- ▶ Cooperative movement in Solomon Islands was started in 1952
- ▶ In 1957, the co-operative movement was revived with the establishment of the co-operative division, the appointment of the first Registrar of Co-operatives by then Colonial Government and the enactment of its own ordinances and legislation. The Solomon Islands Cooperative Societies Act Chapter 73 now re-numbered to Chapter 164 of the Solomon Islands Laws as well as the co-operative principles.



SI COOPERATIVE MOVEMENT IN BRIEF

- ▶ It has been utilized as a general guideline whereby co-operatives have been using it as a “policy” in streamlining their operations. In practice, this “policy” is more statutory and regulatory in nature utilized for the purpose of supervision.
- ▶ The main emphasis of co-operative development in the Solomon Islands from the very beginning has always been placed on consumer co-operatives in the form of rural trade stores.
- ▶ The co-operative division has seen as a narrow concept of co-operation, thus extended wide as productive undertaking in the fields of agricultural production, fisheries, forestry, processing, marketing, and small scale manufacturing.



SI COOPERATIVE MOVEMENT IN BRIEF

- ▶ The first annual report noted that the co-operative movement was department-driven and encountered a profound reluctance rooted in a suspicion of the government's intention
- ▶ There was fast growth in the number of Cooperatives since its inception up until 1980s when the number had declined sharply with more than half went into liquidation. However, there was again a growth period in the late 1980s & early 1990s.



SI COOPERATIVE MOVEMENT IN BRIEF

Secondary Association

- ▶ To date none of the two major Cooperative Associations started in the 1970s are still operating.

Apex Body

- ▶ There has been no national co-operative federation or Apex organization to represent co-operatives in policy making and in other related aspects of co-operative development in the country. Co-operatives rely entirely on the Registrar of Co-operatives for guidance and representation. It is seen yet untimely to establish one though future vision would emerge a circumstance.



SI COOPERATIVE MOVEMENT IN BRIEF

Credit Union

- ▶ Credit Unions have since emerged as a strong movement in the country after the passing of the separate Credit Union Act in 1986 and the forming of the Solomon Islands Credit Union League, the national federation for credit unions. The current Registrar for Credit Union is the Governor of the Central Bank of SI.



SI COOPERATIVE MOVEMENT IN BRIEF

Other Types of Co-operatives

- ▶ A number of fishing co-operatives were formed in the country but were all totally inactive due to mismanagement, disregard for advice and petty dissension among members.
- ▶ Land Purchase co-operatives were initiated in the 1970s with the intention of returning alienated land to customary owners and maintaining their agricultural productivity. All 42 LPCs were also totally inactive except one on Guadalcanal plains remains operational.
- ▶ A number of sawmilling co-operatives were started in the mid 70s, and some were particularly successful. Non remain operational.
- ▶ There were Rice growers, Pineapple processing, and Honey producer co-operatives started in the 1980s with good potential for marketing locally and overseas. A major obstacle to expansion and become more economical is funding.



SI COOPERATIVE MOVEMENT IN BRIEF

- ▶ **Registrar & Co-operative Unit**
- ▶ As the key implementer of government policy, the co-operative division had an establishment in excess of 40 by the mid 80s and in 1998 the number was down to 3 and further crippled in 2006 when the division is manned by a single officer after the retirement of 2. The recruitment of one officer in 2015 has brought the number of officers serving under the Unit to 2, the Officer left the Unit a few months ago leaving again a single Officer with the Unit. The unit is currently under the Business & Co-operatives Division since 2012.
- ▶ It has been felt that the strength of the cooperative movement is still active. One obvious indication of this trend is that the division still receives in excess of 40 enquiries per year regarding possible creation of new cooperative societies.



SI COOPERATIVE MOVEMENT IN BRIEF

- ▶ The long-time existing Co-operative Societies Act CAP 164, modeled on 1904 Indian legislation was first passed for Solomon Islands in 1957 and re-issued in 1969 with minor amendments. Efforts to replace the co-operative societies Act were undertaken in 1980 and 1983. In 1987 the Revision of co-operative legislation, drafted by Professor Hans H Munker of the ILO was submitted. In 1998 an ILO funded review of the Co-operative movement was carried out by an appointed committee chaired by Mr. Bob Pollard and was completed in 1999. The 1999 draft Co-operative Act again further revised by Ms Victoria Aitken – Deputy Legal Drafter, AG Chambers, and completed with the 2004 Co-operative Societies Bill. The same is currently pronounce missing in the AG Chambers.



CO-OPERATIVE PRINCIPLES

- ▶ voluntary and open membership
- ▶ democratic member control
- ▶ member economic participation
- ▶ autonomy and independence
- ▶ education, training and information
- ▶ co-operation among co-operatives
- ▶ concern for community



CO-OPERATIVE PRACTISES

- ▶ Capital formation
- ▶ Cash trading
- ▶ Selling at market price
- ▶ Constant expansion
- ▶ Quality standardized goods
- ▶ Minimize expenditures



CO-OPERATIVE VALUES

- ▶ To be honest, Reliable and Impartial
- ▶ Accountable to all actions
- ▶ Respect for others and understanding fellow members
- ▶ Recognition of the contribution made by each individual
- ▶ Commitment and setting examples
- ▶ Strength and confidence
- ▶ Innovative



NATURE AND CHARACTERISTICS OF CO-OPERATIVES

- Co-operatives are service oriented
- Co-operatives are community oriented
- Co-operatives are people oriented
- Co-operatives are owned, managed and patronized by their members
- Co-operatives are business enterprises
- Co-operatives develop best through self-help and mutual help
- Co-operatives serve best when they answer the real and felt needs of the members
- Co-operatives develop best from bottom to top



Cooperative statistics

- ▶ Since its establishment (1957) to the present date the total number of cooperatives been registered is 404, 68% or 274 were been neither liquidated or self wound up, 28% or 115 remain dormant and at least 4% or 15 are actively functioning or in their initial stages of operation.



Cooperative statistics

- ▶ There were three hundred and ninety seven (404) co-operatives registered since 1957;
 - 227 Multi-purpose Co-op
 - 62 Consumer (Retail)
 - 42 Land Purchase/Land Development
 - 33 Aquac/Marine/agric
 - 17 Fisheries
 - 15 Producers
 - 2 Sawmilling
 - 6 Tribal



- ▶ Existing Co-operatives
- ▶ 3 Retail/Produce Marketing (Active)
- ▶ 6 Tribal (Land Owning groups; Tribes) (New)
- ▶ 5 Consumers (Retail) (3 Active & 2 new)
- ▶ 1 Land Purchase Co-op (Active)



BENEFITS

- Shared achievements
- Surplus distribution
- Services provided – audit, supervision and accounting plus other services
- Discourage selfishness
- Create togetherness, stop the increase of inequality between people
- Members are also customers
- Realize more to life than making money
- Guard under the co-operative principles and law



COOPERATIVE SOCIETIES ACT

- ▶ Chapter 164 – Solomon Islands Laws
- ▶ Provide for;
 - Registration
 - Duties and privileges of societies
 - Rights and liabilities of members
 - Property and Funds of registered societies
 - Audit, inspection and inquiry
 - Dissolution
 - Dispute
 - Rules



COOPERATIVE BYLAWS

- Standard form
- Amendment



CHECKLIST OF ACTION TO BE TAKEN FOR COOPERATIVE REGISTRATION

1. **Hold a meeting with people who are interested in forming a Co-operative society.**
 - decide on the type of business activity you're preferring to undertake;
 - Decide on the share capital & membership;
 - have sufficient number of people as potential members; the minimum requirement is 10 persons
2. **Send a brief summary report on the background of your proposed business to Registrar of Co-operatives (ROC)**



CHECKLIST OF ACTION TO BE TAKEN FOR COOPERATIVE REGISTRATION

3. Co-operative Division may send an Officer to conduct an Educational / Awareness meeting on co-operative ideologies;
 - carry out a survey / proposal to form a co-operative
(Feasibility study)

4. Survey report send to ROC
 - Permission to collect share capital forwarded by ROC



CHECKLIST OF ACTION TO BE TAKEN FOR COOPERATIVE REGISTRATION

5. Secure sufficient finance for infrastructure development and working capital;
6. Work on a set of By-laws for the proposed co-operative;
7. Hold a general meeting with members;-
 - share capital collected
 - elect a committee proper
 - agree to a set of By-laws for the society
8. Fill in an application form for Registration
 - must be signed by ten (10) members
 - must be in a standard form obtain from ROC



CHECKLIST OF ACTION TO BE TAKEN FOR COOPERATIVE REGISTRATION

9. Send to ROC the application together with three (3) copies of the agreed By-laws with a non refundable registration fee;
10. ROC accepts or reject application
11. ROC send a Certificate of Registration or letter of rejection or other requested information to the society
 - show certificate of registration at the society's office and place of business



CHECKLIST OF ACTION TO BE TAKEN FOR COOPERATIVE REGISTRATION

12. Obtain all necessary office stationery and supplies
 - obtain member Register sheets
 - obtain Minutes book
 - obtain appropriate business recording books
 - agree on a Book keeping system to be adopted
 - obtain a Business licence
13. Commence Business



REGISTRATION FORMALITIES

- ▶ Bylaws
- ▶ Survey form
- ▶ Application form



Problems & Issues

- ▶ **Education & Training**
- ▶ A short training course for secretaries and committee members has been the backbone of the co-operative divisions training program. Apart from general awareness meetings and survey meetings, the secretaries and committee members' course is the only training that the government has offered co-operative members. With the closure of the training unit and the shortage of manpower there has not been a secretary's course run since 1995



Problems & Issues

- ▶ The majority of co-operatives are small in terms of capital, comprise of inactive members and have poor networking amongst them. Thus co-operatives are unable to generate sufficient capital to implement activities. Generally, co-operatives rely on conventional sources of capital such as share capital, subscription and accumulated income. Co-operative surplus funds neither utilized economically nor mobilized amongst co-operatives but on the other hand are distributed amongst members thus allow no re-investment for further development. The long term effects are the inability of co-operatives to provide better services to their members and also to participate in activities that will benefit the nation's economy.



Problems & Issues

Another weakness in the co-operative movement in SI is poor integration amongst existing co-operatives. As a result, many co-operatives remain small and weak entities that are unable to compete in the market.

- ▶ Apart from that, business training, management and administration of co-operatives rely to a great extent on the co-operative division. This has led to a vacuum in terms of expertise, which is required to take the co-operatives to greater heights through proper planning and implementation of activities. Due to lack of qualified management expertise as well as limited funding, co-operative businesses remain as conventional and low scale activities, which eventually lose out to competition and development posed by business undertaking by public and private sectors.



Problems & Issues

- ▶ There are also situation whereby certain co-operatives have deviated from the original purpose and concept of formation. In such cases, members show lack of interest and remain inactive. In there eagerness to obtain profits, committee members have failed to adhere to the underlying values that differentiate co-operatives from other business entities. As such, businesses undertaken by co-operatives will no longer be governed by the co-operative principles and concept.



Problems & Issues

- ▶ The above scenario has made it difficult for co-operatives to obtain external sources of funds to overcome the problem of insufficient internal funding due to lack of confidence by financial institutions as well as lack of expert manpower engaged in the co-operatives.



Problems & Issues

- Sources of Income
- Credit sales and Cash advances
- Misappropriation of fund
- Lack of members commitment and participation
- Lack of members loyalty – trade or work
- Lack of working capital
- Lack of proper business planning
- Lack of knowledge in the type of venture been operated
- Lack of training
- In active committee and chairman



Problem & Issues

Some of the main causes that force the registered cooperatives out of business include:

- ▶ Poor Management Capabilities
- ▶ Dependency on Cooperative Officers
- ▶ In debtness
- ▶ Insufficient working capital
- ▶ Lack of common bond among members of communities
- ▶ Government lack of support to provide incentives to cooperatives
- ▶ Natural Disasters



NATIONAL CO-OPERATIVE POLICY (NCP)

Short-term Objective

- ▶ To revitalize the co-operative movement by enhancing the understanding of co-operative ideology amongst the people so that co-operatives can function as organizations that is capable of contributing towards economic growth and social development



Long-term Objective

- ▶ To transform the co-operative movement into a vehicle that is competitive and geared towards eradication of poverty, creation of employment and business opportunities and upgrading the quality of life, based on the co-operative principles.



- ▶ **Policy Statement**

- ▶ Besides playing the role of a regulator, the government also promotes the formation and development of co-operatives in certain sectors of the economy;
- ▶ There should be no differentiation in terms of ethnicity, religion, politics, and gender in developing the co-operative institution;



- ▶ Capital requirement is to be raised through mobilization of member's savings and shares/subscriptions, borrowings and financial assistance from the government and other organizations;
- ▶ To increase co-operation amongst co-operatives and between co-operatives and other co organizations that will mutually benefit all parties;



- ▶ To encourage active participation of women and youth especially in co-operative management and leadership.
- ▶ The co-operative movement should take advantage of the present government goal with regards to empowering Solomon Islanders to be at the forefront of all development that is sustainable, worth while and meaningful.



- ▶ The body representing the co-operative movement should play a responsible role in providing services effectively for the overall development of co-operatives.



IMPLEMENTATION STRATEGIES

- ▶ Strategy I: To ensure that the co-operative principles and philosophy are understood and practiced in the co-operative movement.
- ▶ Strategy II: To formulate clear rules and regulations to assist in the promotion and development of the co-operative sector.
- ▶ Strategy III; To recognize the co-operative movement as a prime motivator to the economic development of the nation.



- ▶ **Strategy IV:** To strengthen and maintain good co-operative governance, efficient administrative management and effective supervision of co-operatives.
- ▶ **Strategy V:** To increase sources of capital to enable co-operatives to face challenges and competition.



- ▶ **Strategy VI:** To strengthen co-operation amongst co-operatives and co-operation between co-operatives and third parties.
- ▶ **Strategy VII:** To continuously improve the quality of product and services to ensure members receive the best products and services offered by co-operatives.



Sectoral Improvement For Implementation

Finance

- ▶ Separate budgetary allocation for co-operative development and special allocation for education;
- ▶ Increase budgetary allocation under co-operative reform administration
- ▶ Creation of grant assistance for co-operatives by the government
- ▶ Encourage co-operatives to increase their minimum share to raise capital.



- ▶ **Education and Training**
- ▶ Improve co-operative knowledge
- ▶ Improve training skills
- ▶ Recognized co-operative studies as a curriculum in the national education system;
- ▶ Encourage co-operatives to undertake their own internal training programmes;
- ▶ Undertake awareness training for prospective members;
- ▶ Conditional requirement for prospective members to undergo awareness programmes before they are accepted as members; and
- ▶ Compulsory requirement for board members to undergo co-operative training upon appointment.



Business Opportunities

- ▶ Networking amongst co-operatives and with other business organizations;
- ▶ Obtaining special privileges such as licenses and permits;
- ▶ Encourage co-operatives to be involved in new areas such as transportation, education, tourism, and small scale manufacturing; and
- ▶ Extension of business opportunities by the government.



Legislation

- ▶ Review and update legal provisions to encourage co-operative development;
- ▶ Provide standard by-laws according to the various co-operative activities as a guideline;
- ▶ Develop training opportunities sponsored by the government agencies for co-operative such as entrepreneurial training;
- ▶ Create policy for regulation of co-operative expenditure (to ensure a reasonable rate of dividend, honorarium and other payments); and
- ▶ Ensure enforcement and implementation of co-operative legislation.



- ▶ **Women and Youth**
- ▶ Increase participation of women and youth in co-operatives;
- ▶ Encourage formation of women and youth co-operatives
- ▶ Encourage more women and youth to play the role of decision makers; and
- ▶ Conduct specific training programmes for women and youth.



- ▶ **ICT (Information and communication Technology)**
- ▶ Encourage co-operatives to develop web sites
- ▶ **Non Governmental Organization (NGOs)**
- ▶ Create a mechanism for discussions and co-operation between co-operatives and NGOs at the provincial and national levels.



- ▶ **Government Departments**
- ▶ Economic Planning Unit to consider the role and contribution of the co-operative movement in national development when outlining and preparing development plans;
- ▶ Statistics Department – to ensure that it takes into account the contribution of co-operatives in national productivity;
- ▶ Develop new business opportunities for co-operatives;
- ▶ Waiver of conditions such as in the processing of licenses, permits and treatment in terms of taxation; and
- ▶ Develop training opportunities for co-operatives (Board members and employees).



Conclusion

- ▶ A strong support for the co-operative movement as enshrined in the National Co-operative Policy will encourage active collaboration between co-operatives and other organizations. This will spearhead the co-operative movement's involvement in various business ventures that will mutually benefit members as well as provide the best alternative in uplifting the economic status of the community and society as a whole. As such, commitment by all parties concerned is necessary beginning with the grass roots at the respective co-operative level comprising of members and officials, to regulatory authorities, other related agencies and other institutions and stakeholders, including the relevant government administrative machinery at the provincial and national levels.



TAGIO TUMAS OLKETA

