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Livelihoods and Food Security Trust Fund

CONSULTANCY ON CO-OPERATIVE SYSTEMS IN MYANMAR

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List of acronyms

AACCU	Asian Association Confederation of Credit Unions
ACF	Action Contre la Faim (Action Against Hunger, France)
CCA	Canadian Co-operative Association
CCS	Central Co-operative Society
CENFRI	Centre for Financial Regulation and Inclusion
CUCO	Credit Union Central for Indonesia
CUFA	Credit Union Foundation Australia
DEPKOP	Departemen Koperasi, Pengusaha Kecil & Menengah (The Department of Cooperatives and Small-Medium Enterprises, Indonesia)
DEKOPIN	Dewan Koperasi Indonesia (Indonesian Co-operative Council)
DEKOPINDA	Dewan Koperasi Indonesia Daerah (Indonesian District Cooperative Council)
DEKOPINWIL	Dewan Koperasi Indonesia Wilayah Aceh (Indonesian Provincial Co-operative Council)
GRET	Groupe de Recherche et d'Échanges Technologiques (Group for Research and Technology Exchanges, France)
DLA	Development Ladder Assessment
ICA	International Co-operative Alliance
INGO	International Non-governmental Organization
KUD	Koperasi Unit Desa (Village Co-operative System, Indonesia)
LIFT	The Livelihoods and Food Security Trust Fund
LPDB	Lembaga Pengelola Dana Bergulir (Revolving Fund Management Institution, Indonesia)
MMSE	Myanmar Microfinance Supervisory Enterprise
PACT	Partner Agencies Collaborating Together (USA)
SLORC	The State Law and Order Restoration Council
SME	Small and Medium Enterprise
SOKRI	Sentral Organisasi Koperasi Rakyat Indonesia (Central Organization of Indonesian People's Co-operative)
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

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Executive Summary

Assignment description

The Livelihoods and Food Security Trust Fund (LIFT) opened a financial inclusion funding window in 2012. This window aims to address lack of access to financial services in Myanmar for farmers, micro, small, and medium enterprises (MSMEs), traders, livestock breeders, and other urban as well as rural populations. LIFT is interested in how operations of co-operatives (or "co-ops") are linked to the broader goal of expanding access to affordable financial services in Myanmar. The author was therefore hired to prepare a study on how co-operatives work in Myanmar, comparing the evolution and state of cooperatives in Myanmar with at least one other Asian country.[1] The objective of the study was to develop policy recommendations to LIFT of potential areas of linkages between co-operative development and LIFT's programs, and financial inclusion in particular.

1 Consultant for Study on Cooperatives Systems, Terms of Reference, March 2013 (available to the Author)

General findings

The history of co-operative development, as part of the state-planned economy, has tarnished the cooperative brand. The 1992 Co-operative Law enshrined a top-down, imposed four-tier co-operative structure with minimal investment and sense of ownership, autonomy and control by secondary, tertiary, and apex associations.

National leaders, including the Minister, are aware of the need for change and are seeking new approaches, tools, and methodologies for co-operatives. A new, more enabling Co-operative Law that will allow co-operatives more autonomy is pending.

Primary co-operatives visited demonstrate good business practices, accountability and transparency to members who understand democratic ownership. Elected leaders are dedicated and volunteer their time. Co-operatives pay taxes and contribute to an emerging business sector in Myanmar.

Role of the national association (CCS) includes government relations, education, capacity building and training, leadership, international relations, as well as lending, treasury and risk management. CCS has a lead role in lending that cascades down the tiers of co-operatives and provides a source of revenue to each. However, CCS does not receive dues or other payments from member co-operatives and does not have capacity to provide other services. Their micro-finance branches maintain their sustainability.

Sustainability of the tiers depends on:

- margins on the loan accessed by CCS from a commercial bank (CB Bank). CCS and other co-operatives own shares in this bank, and
- Profits from business ventures that are not directly linked to the activities and do not strengthen the services to members of the primary co-operatives.

Development thinking about co-operatives has evolved however communication and national coherence is not evident. In 2004, government adopted a three-tier co-operative structure, however the four-tiers were being practiced in the townships visited during this study.

Statistics regarding co-operatives in Myanmar are often unreliable.
As the structure of the economy in Myanmar opens to broader market forces, existing co-operatives will be challenged to adapt. Existing co-operatives have operated as part of a state-driven economy. There is potential for collapse, and/or renewal of these co-operatives.

National leaders, including the Minister, are aware of the need for change.

There is growing engagement of outside actors considering co-operatives as development tools and starting or supporting existing co-operatives without interaction with government or CCS.

Summary of Recommendations

Engage deliberately in the process of reforming the co-operative law

A new co-operative legal framework is required for co-operatives to play a positive role in helping organise rural producers – to facilitate "increased agricultural production and incomes…through improved production and postharvest technologies [and] improved access to inputs and markets" (LIFT Output 1)[1] –

Differentiate between regulating financial co-operatives and MFIs

Myanmar's financial regulatory structure should be based on international good practice standards and procedures, and therefore accommodate the unique nature of financial co-operatives, in order to promote them as a responsible mechanism of financial inclusion.

Better understand role of existing co-operatives in LIFT programs

Data on the reach and impact of co-operatives in Myanmar is imprecise. While it is not practical, or necessarily useful to conduct a nationwide survey of co-operatives in Myanmar, LIFT can consider making it a requirement for implementing partners to survey existing co-operatives and co-operative support programmes in LIFT programme areas, if co-operatives are an explicit component of the project in question.

Develop guidelines on co-operative development

Co-operatives are important to the Government of Myanmar and are increasingly being included in a variety of donor-funded projects by diverse INGOs, not all of which have worked with co-operatives in the past. For LIFT to promote pro-poor growth policies that include co-operatives – whether financial, agricultural, or otherwise – standard guidelines should be adopted for co-operative development in LIFT programs.

Support models of modern co-operatives.

Co-operatives are a practical way for members to work together to improve their economic and social circumstances and the community and the term "seeing is believing" is very appropriate. LIFT's encouragement and support of the start-up or transformation of an existing co-operative to international standards and principles.

1 Consultant for Study on Cooperatives Systems, Terms of Reference, March 2013 (available to the Author)

1. Background to the assignment

1.1 Methodology

The study was prepared over 30 working days between May and July 2013, including 17 days in Myanmar. There were four key parts of the methodology.

1. Desk research: An annotated bibliography was prepared based on a desk review of relevant existing research on co-operatives in Myanmar and Indonesia, the country used for comparative purposes. The bibliography is available in Annex 1.
2. Facilitated discussions with primary, secondary and apex co-operatives: The author employed a modified version of a co-operative assessment tool developed by the Canadian Co-operative Association (CCA) known as the Developed Ladder Assessment (DLA) to facilitate discussions with co-operatives in Myanmar. Eight areas of co-operative operations framed these discussions:
    - Strategy/market responsiveness;
    - Member responsiveness;
    - Social development;
    - Democratic control;
    - Transparency/ethics;
    - Operations;
    - Financial health (financial co-operatives);
    - Financial health (non-financial co-operatives);
    - Lending (financial co-operatives).

   The questions that framed the assessment are available in Annex 2.
3. Interview government stakeholders: The author interviewed Government of Myanmar stakeholders, including the Minister of Co-operatives, and officials at the Ministry of Cooperatives, Department of Co-operatives, Department of Small Scale Industry, the Ministry of Agriculture, and the Ministry of the Region (Finance and Revenue), co-operative universities, and co-operative training colleges. A full list of those interviewed is provided in Annex 3.
4. Meet with external co-operative stakeholders: The author met in person and consulted electronically with stakeholders engaged with co-operatives in Myanmar, including international non-governmental organizations (INGO), as well as individuals.

1.2 Financial inclusion in Myanmar

Myanmar is one of the most unbanked countries in the world: less than 20 out of 100 people have access to formal financial services. Inclusive financial sector programs and policies seek to expand the scope of financial options available to unbanked and under-banked populations. In part, this means diversifying
away from credit led supply initiatives to demand led initiatives that mix savings, credit, payment services, and insurance, which inevitably encourages the entry of formal financial providers into the market.

In Myanmar, 1.4 million people have access to formal financial services through formal microcredit institutions, with non-governmental organizations and financial co-operatives covering 43 percent respectively of clients.[1] In November 2011, the Government of Myanmar passed the Microfinance Law and, up to June 2013, 142 microfinance licenses had reportedly been issued out of which more than 50 percent are for financial co-operatives.[2]

In 2013, the United Nations Capital Development Fund (UNCDF), with support from LIFT, and in partnership with the Centre for Financial Regulation and Inclusion (CENFRI) and FinMark Trust, are undertaking a detailed diagnostic of the supply and demand side for financial services in Myanmar. This rigorous evidence-based diagnostic, conducted as part of the "Making Access Possible Programme" (MAP) and the Microlead Expansion Programme, will contribute to defining the financial inclusion agenda in Myanmar and to aligning resources with key priorities.[3] The reports are expected in 2014.

1.3 Co-operatives and financial inclusion

When co-operatives are driven by their members with sound business plans, co-operatives create and share wealth. A co-operative is a private, independent, autonomous, member-owned, democratically run business that exists to meet needs identified by their members in the communities where they operate. Cooperatives network horizontally and vertically to improve the goods and services that they provide to their members. The democratic principles upon which co-operatives are built distinguish them from other private sector businesses and account for co-operatives' contributions to social and economic development.[4]

Financial co-operatives, which are also referred to as savings and credit co-operatives or credit unions, provide access to financial services for rural and underprivileged populations in developed and developing countries around the world. Co-operatives succeed at expanding access to financial services for a variety of reasons:

1. As democratically run community owned enterprises, co-operatives foster community ownership. Members have a stake, and a say, in the co-operative and the money they are saving, borrowing, and lending to other members.
2. Co-operatives empower their members through savings and financial literacy education. Loans are important financial tools for co-operatives, but they are first based on solid savings habits.
3. Co-operatives reinvest profits in the community.
4. Co-operatives can network through regional and national associations to share services and lower costs, while keeping decision-making local.
5. Finally, the success of the co-operative is tied to the success of the community. As co-ops are financed by member deposits, they work hard to maintain member trust.

1 Duflos, E., Luchtenburg, P., Ren, L., & Chen, L. (2013). Microfinance in Myanmar Rapid Sector Assessment. IFC Advisory Services in East Asia and the Pacific. CGAP & IFC. Retrieved from http://www.cgap.org/sites/default/files/Microfinance%20in%20Myanmar%20Sector%20Assessment.pdf

2 The Myanmar Times. (2013). Crunching the Numbers: What can microfinance achieve? Retrieved from http://www.mmtimes.com/index.php/national-news/7207-crunching-the-numbers-what-can-microfinanceachieve.html

3 UNCDF. (2013). New Opportunities: UNCDF in Myanmar. Retrieved from http://www.uncdf.org/en/myanmar.

4 Internationally accepted definitions and values of co-operatives, as well as the principles upon which co-operatives are based, are published by the International Co-operative Alliance (ICA), and can retrieved from: http://ica.coop/en/what-co-op/co-operative-identity-values-principles.

2. The history of co-operatives in Myanmar: the tarnishing of the co-op brand

Despite good, early intentions, the pattern of co-operative development in Myanmar has lead to discrediting the co-operative model. There has been a heavy overarching governmental role in the creation and regulation of co-operatives through formation, evaluation, the passing of laws, or financial regulation. This has resulted in public perception that co-operatives and government are one-in-the-same.

Co-operatives were first introduced in 1904 with the signing of the Indian Co-operative Societies' Act. In the early 1900s, British colonial authorities often used co-operative credit as a means to overcome usury practices of moneylenders and to encourage economic growth in a regulated manner. Myanmar, formerly Burma, was one such location. Following significant increases in credit co-operatives in British India in the first three decades of the century, by 1929, 4000 credit co-operatives were found throughout what became Myanmar.[1] Soon second and third tier co-operatives began to emerge in the country, and cooperators and colonizers alike envisioned a forthcoming exponential trajectory of co-operatives in the country.

Unfortunately, this growth was not long-standing. On the eve of the Great Depression, the credit cooperative model in Burma collapsed and disappointment and frustration for colonizers ran rampant, while faith in the co-operative model quickly diminished.[2] By 1930, the number of co-operatives in Burmadecreased to just over 2,000. In 1932, the apex co-operative bank was formally dissolved, and by 1935, only 57 of 575 credit co-operatives still existed. Co-operation had been more-or-less imposed upon citizens by colonizer governments and due diligence was not served in ensuring that members were trained and educated according to the co-operative principles.[3] Similarly, the co-operative values of autonomy and independence, and democracy were not embraced.

Co-operatives were considered by many as a foreign intervention, stipulated, and controlled by authorities of a non-native power. Co-operatives in Burma were not viewed according to their initially mandated definition in the Indian Co-operatives Societies' Act as a "society which has as its object the promotion of the economic interest of its members in accordance with co-operative principles".[4]

Following independence, the government emphasized agricultural and financial co-operatives as a means to promote socialism and prosperity. Portraying capitalist practices during British colonial rule as the downfall of the Burmese economy, the new government viewed foreign reform and resulting capitalist initiatives as ineffective. The government's constitution called for relinquishing "profit-motivations among businesses" and openly supported co-operatives as tools to avoid consumerist practices.[5] However, in a telling essay published in 1965, Maung wrote that the government has little success in implementing such policies, the unfortunate result being that there was no "corresponding responses and voluntary adaptation to the co-operative way of life in the rural economy..."[6]

Co-operatives became so synonymous with governmental priorities that many of the most basic cooperative principles were forgotten or unemployed. Once again, there was little emphasis placed on the education and training of members. In effect, the government's push for co-operative development led many co-operative societies and members to take a passive role in the co-operative process, giving full discretion to the government. However, the government's lack of proper supervision and management led to poor results, and the further degradation of

1 Turnell, S. (2005). Cooperative Credit in British Burma. Sydney, Australia: Economics Department, Macquarie University.

2 Turnell, S. (2009). Fiery Dragons, Banks, Money Lenders, and Microfinance in Burma. Copenhagen: Nordic Institute of Asian Studies (NIAS) Press.

3 Ibid and Op cit 6.

4 Münkner, H. (2006). One Hundred Years: Co-operative Credit Societies Act in India: A Unique Experience in Social Engineering. Alliances de recherche universités-communautés en économie sociale.

5 Maung, M. (1965). Agricultural Co-operation in Burma: A study on the Value Orientation and Effects of Socio-Economic Action.

6 Ibid, p. 322

the concept of co-operatives as (poorly) state-run initiatives among Burmese citizens.[7] For instance, in some cases government established co-operatives in rural villages and named the eldest member of the group as president of the co-operative based on cultural tradition rather than on characteristics of business knowledge, or experience.[8] In many cases, cooperative membership, disbursed loans, and delinquency management were then based on the elders'
personal relationships and views, rather than sound economic operations. In addition, the Ministry of Cooperatives maintained final approval of all co-operative board members. Rather than improving citizens' views of co-operatives the government's actions merely reinforced negative stigmas related to their effectiveness.

There has been dialogue about disconnecting government and co-operatives in Myanmar for many years. Government-encouraged participation became undistinguishable from other governmental directives, which citizens heeded. Forced participation amplified the negative view of co-operatives as governmental entities. This view was reinforced under the Ne Win dictatorship in Burma through the 1970s and 1980s. The two pillars of the nominally socialist economy were the state and state-run cooperatives. In the 1988 student uprisings against the regime, one of the main institutions destroyed were co-operatives.[9]

7 Ibid.

8 Maung, M. (1965). Agricultural Co-operation in Burma: A study on the Value Orientation and Effects of Socio-Economic Action.

9 Professor Aung Thun Thet, UNDP Special Advisor. Personal Interview. May 29, 2013, Yangon.

Finding 1: The history of co-operatives in Myanmar has generated a largely negative perception of cooperatives.

3. Government infrastructure to regulate and support co-operatives

3.1. The legal framework

The current legal environment and policy framework for Myanmar is defined by two documents. The first is The Co-operative Society Law (the Law), adopted in December 1992 by The State Law and Order Restoration Council (SLORC), which repealed the Union of Myanmar Co-operative Societies Law of 1970. The second document is the Co-operative Society Rules (the Rules), adopted in March 1998.

The 1992 Co-operative Law

The Law is a brief document that lays out the basic functioning of a co-operative in Myanmar. While individual roles and responsibilities of co-op members are defined, broad authority remains with the Ministry of Co-operatives. The basic principles, by-laws, rights of members, and duties and powers of a co-operative are laid out in chapters II through VII.

There is little description of the supervisory or regulatory functions of the Ministry or Department of Cooperatives. The Law clearly states that co-operatives have "the power" to obtain "support and assistance" from the government.[1] And that the government has broad powers to "liquidate" societies as well as issue rules and procedures as it sees fit to carry out the provisions of the Law.[2] Perhaps the most defining element of the Law is that it establishes a four tier co-operative structure, with primaries, syndicates, unions, and one apex society, namely the Central Co-operative Society (CCS). All four levels therefore exist, but are not financially dependent on their owner-members and do not exclusively provide services to strengthen these members.

The 1998 Co-operative Rules

The Rules define the regulatory and supervisory role of the Ministry of Co-operatives, and reinforce the four-tier co-operative structure, intertwining it with the operations of the Ministry. Sectors of co-operative business are broadly understood, allowing operations to take place in production, services, and trade.[3]

Government plays a significant role in the operations of co-operatives. The Ministry of Co-operatives creates Commissions and Sub-Commissions to accept and advise on registration of co-operatives; in particular on the establishment of syndicates, unions, and the apex.[4] Co-operatives are required to submit membership lists and full bio-data of Board of Director executive committee members for the consideration of the Department of Co-operatives.[5] Co-operatives are required to submit proceedings of annual general meetings as well as have available monthly business figures (production, sales, revenues, etc.) for the Department's review.[6] Annual audits are prescribed.[7] The roles of the apex (CCS) and union level co-operatives are limited to training, spreading knowledge, and linking co-operatives in Myanmar with external co-operative actors.[8] There is a clause which allows for seeking "new methods for the standards of the business", which as will be described below, allowed CCS to develop some of Myanmar's first microfinance co-operatives (See Section 3.4).[9]

Finding 2: The 1992 Co-operative Law enshrined a top-down, imposed co-operative structure, with a minimal sense of ownership of secondary, tertiary, and apex structures.

1 The Government of the Union of Myanmar. (1992). The Co-operative Society Law. Notification No. 9/92. The State Law and Order Restoration Council (SLORC). Yangon. Clause 18f (p.13).
2 Ibid, clause 25 and 38, p. 15, 18.
3 The Government of the Union of Myanmar (1998). The Co-operative Society Rules. Notification No. 1/98. The Ministry of Cooperatives. Yangon. Clause 4, p.3.
4 The Government of the Union of Myanmar (1998). The Co-operative Society Rules. Notification No. 1/98. The Ministry of Cooperatives. Yangon. Clause 8 and 16, p.5, 9.
5 Ibid, clause 24, p.13.
6 Ibid, clause 78, p.34.
7 Ibid, clause 81, p.35.
8 Ibid, clause 74, p.33.
9 Ibid, clause 74(b), p.33.

The extent to which the 1998 Rules have been implemented is unclear. What seems to have occurred is that the Rules laid the foundation to intertwine the co-operative sector and the government, through bureaucracy. This has created a heavily regulated economic sector of limited economic strength, composed of co-operatives that are not autonomous or independent economic actors. Moreover, ample opportunities emerged to place government officials or sympathizers in executive positions within cooperatives, contributing to the negative brand cited in the previous section.[10] This helps explain anecdotal evidence collected during the assessment from individuals in Yangon who responded to the question, "Would you join a co-operative?" with the answer: "No, I do want to join a co-operative. I do not want friendship with the government." Similarly, INGOs that engage with groups of farmers in Myanmar do not trust co-operatives, as they do not trust engaging with the government (see Section 5).

10 Op cit 7.

Finding 3: Co-operatives in Myanmar are not autonomous or independent economic actors; the 1998 Rules firmly intertwine the Myanmar Government and the co-operative sector.

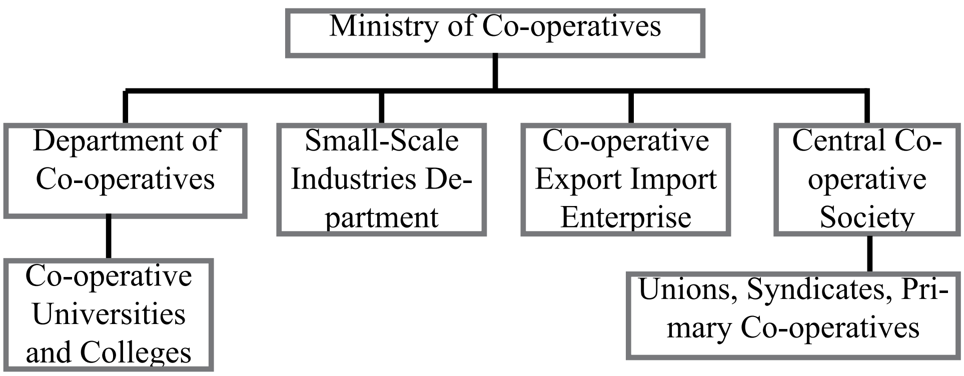
3.2. Co-operative supervision, regulation and policy

Today, the Ministry of Co-operatives has four Departments or Agencies, as presented in Figure 1: The Department of Co-operatives, the Small Scale Industries Department, the Co-operative Export Import Enterprise, and CCS.[1] Although the leadership of CCS and senior personnel within the Ministry of Cooperatives view CCS as autonomous from Government, the following chart was presented to an international audience by the Minister of Co-operatives as recently as January 2013. The chart presents CCS as a part of the Ministry of Co-operatives.

1 Information on the structure of the co-operative sector in Myanmar was reconfirmed in interviews with Department of Co-operative officials, on June 3 in Naypitaw, as well as the Executive Director of the Union of Thrift and Savings Co-operatives on June 10, in Yangon.

Figure 1: Organization structure of the Ministry of Co-operatives

* The roles the Small Scale Industries Department and the Co-operative Export Import Enterprise were not explored.



The most significant component of the Ministry's work takes places through the Department of Cooperatives. The Department currently has more than 5000 employees across the country.[11] For comparative purposes, the Small-Scale Industries Department only has 300 employees.[12] Co-operative universities are supervised by the Department (see Section 3.3), and while CCS is presented on equal terms with the Department, it nevertheless reports to the Department on all of its operations, and all of its senior employees are former Department public servants (see Section 3.4). The evolving role of the Department is presented in greater detail in the next section.

11 Department of Co-operative officials. Personal Interview. June 3, 2013, Naypitaw.
12 Ibid.

Government policy on co-operatives is established by the President and Cabinet and led by the Minister of Co-operatives. The current government has identified eight sectors through which it hopes to alleviate poverty, of which one is co-operative development.[13] The current Minister,

13 Ministry of Co-operatives, The Government of the Republic of the Union of Myanmar. (2013). The Function of Micro-finance. Naypyitaw (provided to the author).

in his position for less than one year, has presented two key priorities for co-operatives in Myanmar: to improve the socio-economic conditions of urban and rural poor in Myanmar; and to support co-operative business.[14]

The main vehicle for the Government of Myanmar to meet these objectives is to promote microfinance delivery through primary co-operative societies; and to create a Microfinance Bank (see Text Box 1), which will provide capital to the primary co-operatives.[15] Additional objectives include upgrading the capacities of existing co-operatives in Myanmar, educating young people about the value of cooperatives, and rebranding the co-operative model in Myanmar.[16]

Working with the Department of Co-operatives and CCS, the government aims to create 5,000 new cooperatives per year. While Government of Myanmar documentation indicates that new co-operatives will focus on "quality" rather than "quantity", the objectives and language of interlocutors indicates otherwise.[17] While co-operatives will be operated using democratic processes, it remains that they will be established by government and not through the autonomous decision of members responding collectively to a need. Funding is available from government however there is no requirement for a business plan or evidence of financial or risk assessment. According to figures provided by the Ministry of Co-operatives, as of the end of March 2013, the number of co-operatives currently engaged in microfinance lending operations with seed funding from the government is presented in Table 1.[18] Co-operative microfinance operations are further discussed in Sections 3.4 and 4.1.

Table 1: Co-operativs participating in micro-lending operations as of 31 March 2013

Type of Co-operative Society	Total Townships	Number of primary societies/ villages	Number of Members	Loans (Kyat)
9 types see Section 4	304	6,659	768,220	44 billion

Creating a co-operative in every village

According to the Minister of Co-operative, Officials at the Department of Co-operatives, CCS, and the Union of Thrift and Savings Co-operatives, the Myanmar Government hopes to create one co-operative in every village in the country. These co-operatives will focus primarily on microfinance operations, but will not necessarily be registered as microfinance institutions and therefore will continue to be regulated by the Department of Co-operatives and not the Myanmar Microfinance Supervisory Enterprise (MMSE).[19] The nature and type of co-operatives to be created and supported is discussed further in Section 4.1.

The government projects that 60,000 co-operatives (one per village) will be formed with start up capital of 10 million Kyat per co-operative. A further 50 million Kyat per co-operative will be distributed as the capacity of the

Text Box 1: The Microfinance Bank

The Microfinance Bank

At time of writing of this report and according to discussions with CCS, the Minister of Co-operatives, and the Union of Savings and Thrift Co-operatives, the Microfinance Bank will be registered and regulated by the Central Bank. Shares for the Microfinance Bank will be sold and it is expected that CCS will purchase some shares, as will the CB Bank (see Text Box 2). Some published reports indicate that shares are being sold at 100,000 Kyat/share and that the Bank will work directly with rural clients, offering low interests rates, but this was not confirmed by Government officials or CCS.* It is unclear if other co-operatives will purchase shares. In addition to share capital, the Government of Myanmar intends to provide capital to the Microfinance Bank through grants or soft loans. Other sources of funding for the bank (e.g. foreign aid, soft loans from international organizations) are apparently being explored. The Microfinance Bank will provide funds to CCS to both on-lend through their network to primary co-operatives that have a microfinance license through the Myanmar Microfinance Supervisory Enterprise (MMSE), and through CCS's own licensed microfinance branches (see below). Operations for the bank are expected to begin in late 2013 or early 2014.

* See: http://www.myanmar-business.org/2013/05/myanmar-microfinance-bank-to-be-launched.html (accessed: July 2013).

Finding 4: The Government of Myanmar intends to create over 5,000 new co-operatives per year, with an aim of establishing one co-operative in every village, as a means of increasing MFI penetration and reducing poverty.

14 Minister of Co-operatives. Personal Interview. May 31, 2013, Yangon.
15 Ibid. Op cit 17, p. 2.
16 Ibid
17 Ibid
18 Statistics cited from a PowerPoint presentation provided to the author by the Executive Director of the Union of Thrift and Savings Co-operatives titled "Emerging Microfinance Sector in Myanmar. Regional Lessons on Selected Issues. Role of Co-operative Sector in Microfinance in Myanmar", on 10 June 2013, Yangon. Also cited in op cit 20 (p.21).

19 Note that some translations of the Microfinance Law refer to the Myanmar Microfinance Supervisory Bureau.

co-operatives develops, for a projected total of 3.6 trillion Kyat in lending through cooperatives by 2015. Loans are targeted at poor, rural farmers, peasants, hawkers, and shopkeepers in rural communities. Interest rates for loans provided by the co-operatives will follow rates established by Directives established under the Microfinance Law of 2.5 percent per month, and 30 percent per year.[20] Auditing of lending activities will take place through monthly internal audits required by each cooperative and semi-annual audits by the Department of Co-operatives.

Supervision of financial co-operatives

There is a lack of clarity in the supervisory function of the Department of Co-operatives as it relates to the microfinance operations of existing and new co-operatives. The MMSE is a new supervisory body with minimal capacity, according to international MFI providers.[21] As of writing of this report, the MMSE has awarded 142 microfinance institution (MFIs) licences, of which 68 have been issued to co-operatives.[22]

Co-operatives are interested in obtaining licences because of political support of the MFI model, and presumed access to capital from the government and outside sources, such as international organizations.[23] It was unclear why this is better than obtaining financing through the schemes described in the sections above, except that co-operatives with MFI licences can operate in more of business manner and book profits. Co-operatives which hold MFI licences will be regulated by the MMSE. However, their co-operative "operations" will ostensibly continue to be regulated by the Department of Co-operatives. In addition, co-operatives that already operate microfinance operations, such as CCS (discussed in Section 3.4), will continue to be regulated by the Department of Co-operatives. The Microfinance Law itself makes no special provisions for the regulation of financial co-operatives, which is not in-line with international "good" practices in the supervision of co-operatives.[24]

Finding 5: There is a lack of clarity about the supervision of financial co-operatives, financial cooperatives with microfinance operations, and co-operatives that have obtained MFI licences. This uncertainty will hamper long-term co-operative development.

The Department of Co-operatives

The Department of Co-operatives remains the most important government actor in the operations of cooperatives in Myanmar. In interviews with Department of Co-operatives' officials, three Departmental roles were consistently reiterated: organizing new co-operatives, educating about the co-operative model, and registering new co-operatives. This is the three-step process for the government to reach its aim of creating thousands of new co-operatives, while attempting to "rebrand" co-operatives.

The process employed by the Department to create new co-operatives is not very different from what is defined in the 1998 Rules. The Department engages syndicate level co-operative members and township Department officials to create co-operatives in every village in Myanmar. Officials go into villages to organize, educate, and register new co-operatives. Five to ten potential members are identified in each village or township and they learn the rules of co-operatives; the purpose of the co-operative is defined; membership shares are collected; an executive committee is elected; and all is approved by township cooperative officials upon registration. It was reported that in 2012 the Department successfully established 5,000 new co-operatives, in-line with government objectives, and liquidated 300 co-operatives.[25] Reportedly, most co-operatives that were liquidated had not commenced activities after their initiation and registration.

Finding 6: The Department of Co-operatives regulates the operations of existing co-operatives in a predictable fashion.

The Department's regulatory function was defined by the 1998 Rules. The Department maintains paper copies of all registration documents and all documents related to its annual auditing of co-operatives. Despite the reported liquidation of co-operatives, the procedure followed by government is unclear. Given the political will and human and financial resources committed by government, it is likely that the focus will be on start up rather than regulating viability and sustainability. As far as could be established, existing co-operatives are being regulated, providing annual financial reports and minutes of meetings to the Department.

Forthcoming changes to the Co-operative Law

According to the Minister of Co-operatives and through informal discussions with CCS officials, a new co-operative law is being prepared. This law will reportedly be presented to Parliament in the near future, after consultations have concluded and cabinet has provided its approval. It was not made clear who was being consulted or on what time-frame. No one interviewed expected the law to be

20 Op cit 26.
21 LIFT/FIND. Personal Interview. 29 May 2013, Yangon. Op cit 2.
22 Op cit 26.
23 Op cit 26.
24 CGAP . (2012). A Guide to the Regulation and Supervision of Microfinance: Consensus Guidelines. Washington. Retrieved from http://www.cgap.org/sites/default/files/Consensus-Guideline-A-Guide-to-Regulation-and-Supervision-of-Microfinance-Oct-2012_0.pdf
25 Op cit 19.

passed before the scheduled parliamentary and presidential elections in 2015.

CCS officials had made numerous proposals to revise the nature and tone of the new co-operative law. Most recent, based on dialogue with their members they proposed that the new law align with international co-operative principles, in particular giving autonomy and independence (from government) to co-operatives. Second, they proposed that the Department of Co-operatives would no longer be allowed to issue directives to co-operatives. Third, they proposed fundamental shifts in the co-operative structure to clarify that CCS would be independent and removed from the Department of Co-operative's purview and lastly, that the syndicate or township co-operative tier would be eliminated.

It was unclear when changes to the law would be considered, however these proposals demonstrate that awareness exists within co-operatives in Myanmar that the co-operative model, as it exists and as it is being implemented, needs to be revised. This was reinforced in a discussion with the Vice-Rector of the Co-operative University at Thanylin (see below) who highlighted the contradiction that co-operatives have "a bad reputation in Myanmar because they have been so government driven, but that you still need a blessing from government to set up a co-operative."[26]

26 Vice-Rector of the Co-operative University. Personal Interview. 30 May 2013, Thanylin.

3.3. Co-operative technical support and education

Technical support programs for primary co-operatives in Myanmar are made available through the Department of Co-operatives, other ministries, and CCS. As described above, Department of Cooperative officials at the Township level are active in their education role to organize new co-operatives, and provide technical assistance on co-operative functioning (e.g. by-laws, annual general meetings, and elections) as well as financial operations (e.g. monthly reporting, audits). Primary co-operatives also have access to technical assistance from other government ministries, such as the Ministry of Agriculture. CCS provides technical assistance to the microfinance branches that it has established. The mandate of CCS does not allow it work directly with primary co-operative societies (see Section 3.4).

The Ministry of Co-operatives also fulfills its education mandate through the educational institutions that it supervises. The Ministry of Co-operatives has two co-operative universities, two co-operative colleges (non-degree granting), and 22 different vocational training centres. The two universities were recently upgraded from college status. Vocational institutions are also affiliated with the Ministry's Small Scale Industries Department. It is expected that all of these institutions may be affected by educational reforms underway in Myanmar; reforms which are outside the scope of this study. A list of these institutions is provided in table 2.

Finding 7: Awareness exists within official circles in Myanmar that co-operatives have a negative brand and that changes are needed to co-operative laws and regulations.

Table 2: List of co-operative training institutions supervised by the Ministry of co-operatives[1]

Universities	Colleges	Vocational training institutes
Co-operative University, Thanylin	Co-operative College, Phaung Gyi	Lacquer ware College, Bagan
CO-operative University, Sagaing	Co-operative College, Mandalay	Saungdar Weaving School, Mandalay
		13 basic weaving schools
		4 co-operative training institutes
		3 co-operative commercial schools

1 Op cit 29, p.3.

Co-operative University, Thanylin

The Co-operative University at Thanylin, 45 minutes southeast of Yangon, became a degree granting university in 2012. Prior to 2012, it was a college affiliated with Yangon University. It is home to approximately 1,800 students between 16 and 20 years old, of which 80 percent are women. The University specialises in co-operative management, offering a Bachelor of Business Science degree, as well as Diplomas in Business Management, Business Accounting, Marketing, English, and Computer Studies. The university is branded very clearly with the co-operative movement, using the "co-operative rainbow" (pictured to the right).

The Co-operative University sees itself as part of broader goal to overcome the negative brand of cooperatives. In the words of the Rector of the University, co-operatives mean "social entrepreneurship and social enterprise." [2] This is demonstrated through a student-run co-operative on campus which shares profits with its student members, as well as 100 acres of farmland is farmed and organized co-operatively, although neither of these examples were observed firsthand.

In addition to the business courses on finance and marketing, the Curriculum and Syllabus for the Bachelor of Business Science (Co-operative Management) degree also has co-operative specific modules. For instance: introduction to co-operation; the history of co-operative movement in Myanmar; international models of co-operatives; and co-operatives, ethics and development. Reading lists for these modules include publications from international co-operative sources such the International Co-operative Alliance (ICA) and the International Labour Organization.[3] The University has some international relationships, including the Myanmar office of the British Council, where it is engaged in a social enterprise project; as well as with an industry training college and women's development institute from the Republic of Korea (South Korea).

The University faces two challenges, according to the Rector. First, the University faces a lack of resources. For instance, there are 150 computers on campus for 1,800 students. Second, university lecturers do not have international exposure. All lecturers are seconded from the Ministry or Department of Co-operatives, including the Rector and Vice-Rector. First-hand knowledge of modern co-operatives is therefore likely limited. Indeed, in informal, unsupervised conversations with three students on campus, none seemed to be aware of the co-operative mission of the University or what a co-operative was. Their main interest was to learn about micro-finance.[4]

2 Op cit 34.
3 Syllabus made available to the author.

Co-operative Training Institute, Pathein

The Co-operative Training Institute in Pathein is part of a network of four co-operative training institutes in Myanmar.[5] The Institute in Pathein, Ayeyarwaddy Division, was first etablished in 1970, and moved into new premises in 2003. Students at the institute are between 16 and 25 years old, of which more than 65 percent are women. Some students are employees and/or members of co-operatives from the region.
All lecturers are people from the Department of Co-operatives. Subjects taught include general business subjects, with 13 co-operative specific courses. The main challenges at the Institue, like at the Cooperative Univeristy, are ones of resources and identifying lecturers that have real knowledge of the functioning of moden co-operatives.

4 Op cit 34.
5 Director of The Co-operative Training Institute. Personal Interview. 5 June 2013, Pathein.

Finding 8: While institutions exist in Myanmar to disseminate knowledge on co-operatives, there are few individuals equipped to disseminate knowledge on modern co-operatives.

3.4. The Central Co-operative Society

The Central Co-operative Society (CCS) is the national association of co-operatives in Myanmar. A national association of co-operatives is governed and controlled by the co-operative sector that it represents. However, as noted earlier, CCS existence is legislated by the 1992 Co-operative Law and the 1998 Co-operative Rules; and is presented within the Ministry of Co-operative's organigram. Therefore, CCS is included in this study as a part of the Government of Myanmar's existing infrastructure to regulate and support co-operatives. However, as noted earlier, this status may change with the passage of a new co-operative law and as will be argued below, these ties to government are weaker now than in previous years.

Finding 9: The Central Co-operative Society is part of the Government of Myanmar's co-operative apparatus, but the ties to government are being weakened.

CCS is headquartered in Yangon. CCS's mandate, as defined by the 1998 Co-operative Rules, are to advocate on behalf of co-operatives in Myanmar; to engage in international partnerships that benefit cooperatives in Myanmar; and to provide training and education on co-operatives and co-operative development.[1] CCS is governed by a Board of Directors of 35 representatives elected from 480 federation and union level co-operatives. Three of their Board members are women. There is an executive committee of five, including the Chairman, who is also the chairman of CB Bank (see Text Box 2).

Text Box 2: The CB Bank

The CB Bank

The CB Bank, also known as The Co-operative Bank, is a private owned commercial bank. CB Bank has 25 branches around the country and is one of the first banks in Myanmar to offer automated teller machines and international credit cards. CB Bank is registered with the Central Bank and owned by shareholders. Co-ops, including CCS, own an estimated 30 percent of shares. CCS accesses repayable collateralized loans from CB Bank to on-lend to primary co-operatives through Unions and Federations. In addition to sharing a Chairman, there is cross-branding between CB Bank and CCS, and the co-op movement more broadly. Both share "the co-op rainbow" as a logo. The Myanmar Coop Country Report presents CB Bank as "the show-case of the Myanmar Co-operative movement".*

** See page 7, cited in endnote 42.*

CCS has approximately 80 employees. It is managed by a CEO, with three general managers for administration; education, training, and international affairs; and business operations, including microfinance. CCS's MFI operations employ approximately 60 of the 80 staff. All senior employees are retired or former employees of the Department of Co-operatives, as are the majority of employees that have been with CCS for any extended period of time. New employees, many of whom were observed to be under 35 years old, work administering CCS's microfinance operations. There is limited knowledge within CCS of modern co-operative practices. For instance, in a facilitated discussion with CCS employees, the primary professional development interest of young employees was microfinance.[2]

Despite being owned by co-operatives, CCS's most evident ties to its co-operative membership base is through the administration of a commercial loan from CB Bank that cascades through the tiers. Unions and federations are CCS members by law not by subscription. Members do not pay annual dues to CCS and do not receive services that would contribute to their growth and development. CCS's capacity to provide government affairs, co-operative policy, training, group purchasing, risk management or interlending is extremely limited. Annual financial figures were made readily available to the author.[3] While it is difficult to determine what percentage of revenue is driven by membership shares, it is clear that more than 50 percent of CCS's income is from interest it earns on loans made through its MFIs, financial co-operatives, and loans to Unions and Federations tier co-operatives. A further 15 percent is from income earned on the import and export of co-operatively produced products. Products exported are various types of beans and pulses; imports consist of a variety of products (electronic goods, furniture, cement, palm oil). The end point of exports and imports was not made clear. Similarly, 50 percent of CCS's annual liabilities are tied up in their loan from the CB Bank which they use to run their microfinance operations.

CCS microfinance operations

CCS is one of the most important institutional providers of micro-finance operations in Myanmar and microfinance operations are the primary revenue source for CCS. The Ministry of Co-operatives gave special permission to CCS in 2006 to engage more fully in business operations, including microfinance. CCS senior management at the time – the same management that is in place today – were newly installed retirees from the Department of Co-operatives and charged with "brining CCS back from the brink" of bankruptcy.[4] They did so by introducing a replicable and profitable microfinance model.

As has been ably described elsewhere, in February 2007, the Asian Association Confederation of Credit Unions (AACCU) introduced a simple model of microfinance operations to CCS.[5] By September of that year, with a loan from CB Bank, CCS launched a highly systematic approach to microfinance operations. CCS provides seed funding, three staff per MFI, technical assistance in auditing and operations, and additional, larger loans as cycles of payment and repayment were completed.

Today, CCS has 80 MFIs that operate as subsidiaries, mainly in urban areas, with over 66,000 borrowers and 1.3 billion Kyat in outstanding loans. Delinquency rates within its MFIs are reportedly under 2 percent, thanks in large part to the

1 Op cit 16.

2 Facilitated discussion with 15 CCS staff on 29 May 2013, Yangon.

3 Central Cooperative Society. (2013). Myanmar Cooperative Movement Country Report. Yangon. (p.13)

4 Op cit 41.

5 Poston, G. (2009). Development of Microfinance in the Co-operative Movement of Myanmar. The International Journal of Co-operative Management, 4(2). United Kingdom: New Harmony Press Ltd.

rigidity of the MFI model employed. There are a further 72 "Microcredit Co-operative Societies" that are owned by their members, but with loans from CCS and under CCS's close supervision. Profits from CCS's microfinance operations for the year ending 30 April 2013 were 138 million Kyat.[6]

Table 3: CCS MFI operations

Item	Amount
MFIs	80
Members	66,036
Loans	1,347,630,000 Kyat
Loans outstanding	241,000,000 Kyat
Savings within MFIs	170,500,000 Kyat

CCS is aware that its MFI operations face limited growth potential because of the simplicity of the model. Up-to-date, relevant information technology is needed. For instance, all transactions are still documented in writing and a calculator computes the interest. Furthermore, metrics used by CCS to measure the reach

and impact of microfinance are focused on loans provided, loans outstanding, repayment rates, interest and expenses. Therefore while the expressed motivation of reducing poverty through MFI is clear in all CCS publications, its impact is not as there are few statistics on the reach of the loans or their usage.

Finding 10: CCS' microfinance procedures operate according to good microfinance practices.

Finally, while the MFI operations are successful from a financial perspective, their role in promoting a healthy, sustainably co-operative model is questionable. What are the real co-operative characteristics of the institutions supported by CCS? This is addressed in the next section.
The financial success of CCS's microfinance operations have contributed to sustainability and offered a degree of independence from the Department of Co-operatives. The stability and profitability of its MFI operations will allow CCS, according to some of its senior managers, resources to better pursue their education and training mandate. It should be noted that CCS faces a rapidly approaching generational change: the senior managers behind the changes implemented since 2006 are now over 70 years old. In addition, the handful of employees responsible for the education and promotion mandate have been with CCS for more than 20 years. Nevertheless, increasing engagement with international co-operative actors, such as fledgling partnerships with the Canadian Co-operative Association and WeEffect, formerly the Swedish Co-operative Centre (see Section 5), can hopefully reinforce positive trends amongst younger employees. As one of the senior managers noted in a conversation, "To come up from the bottom will take time. We are used to being told what to do."

6 Op cit 29 (p. 12) and Op cit 26.

In general, the long term development of a viable co-operative network in Myanmar will focus on:
- Improved government policy framework and disengagement in operations.
- Transformation of primary co-operatives into financially sustainable, member owned and controlled organizations able to meet members' needs and compete with other organizations in the market place. Co-operatives need a business plan. An important stimulus to transformation is exposure to co-operatives in other ASEAN countries.
- Continued focus on strengthening primary co-operatives. Second and third tier organizations, e.g. Unions, Federations, CCS, should refocus their activities, accountabilities and income generating activities on providing services and functions that strengthen the primary co-operative's ability to serve members' needs.
- Engage actively in public re-education about co-operatives in a competitive, open market economy, including through Universities and Colleges. Recently a member of parliament stated that the cooperative system doesn't suit a market economy as the former normally runs as a social welfare program and is a centralized system, while [a market economy] encourages competition.
- Orient, educate and train members, leaders and staff of co-operatives as well as staff in relevant government ministries about member-owned and controlled co-operatives.

Recently reported investments in co-operatives through the Export-Import Bank of China will affect the development of co-operatives in Myanmar. Experience of co-operatives in other countries which have received large tranches of funding (Philippines, Indonesia, Uganda), include:
- Disenfranchisement of members as the co-operative is less reliant, and less responsive to their needs.
- Most injections of outside funds have concentrated on primary co-operatives and due to lack of support for building needed second and third tier co-operatives, the primary co-operatives do not have needed source of shared services and higher level financial support organizations, for key functions of inter-lending, treasury management, IT.
- Reliance on outside funding rather than responding to market conditions. Due to focus on providing funds to a large number of local co-operatives, there are not incentives to merge or collaborate to ensure long term sustainability in their market place. Once the outside funds have been repaid, there are a large number of independent yet unsustainable co-operatives that require capacity building. The capacity of second and third tier structures have not been built to serve this need.
- Inadequate focus on social preparation, including member, government and community education.
- Pressures on management capacity of co-operatives experiencing extremely quick growth.

Finding 11: The awareness and willingness to modernize co-operative practices exists within CCS.

4. The co-operative sector

4.1 Registered co-operatives

It is very difficult to obtain a fulsome understanding of how many co-operatives there are in Myanmar, and what they are doing. While statistics are readily provided, the true numbers of registered cooperatives will likely differ according to how they are presented and when they are dated. All figures are collected by the Department of Co-operatives and published by the Ministry. There are only several constants observed: first, the number of co-operative members is regularly reported at about 2.4 million individuals; second, long-registered co-operative numbers do not change; and third, month-on-month or even week-on-week, the numbers of co-operatives that provide microfinance grow significantly.

Finding 12: Official statistics regarding the number and status of co-operatives in Myanmar likely contain inaccuracies.

There are various ways of categorising co-operatives in Myanmar. Primary, syndicate (or township), union, and federation co-operatives are classified according to three sectors: production, services and trade. Each sector is then subdivided into various categories, for instance, under the agricultural sector, you would find agriculture, fish & meat, forest products and industrial categories. These categories can then be further sub-divided, for instance, agricultural co-operatives can be divided into agricultural & general trading co-operative societies, and agricultural production societies. Similarly, financial cooperatives, listed until the services sector, are divided into nine different categories. In addition, sectors, categories, and sub-categories of co-operatives can be differentiated according to what level of cooperative they are – primary, syndicate/township, union, or federation – and by their location (state, township, and village). Definitions or criteria for each of the sectors or categories were not provided.

Figures provided to the author by CCS, the Union of Thrift and Savings Co-operatives, and the Ministry of Co-operatives all differed. Figures from the Union are dated 30 April 2013; and those from CCS are dated 6 May 2013. Furthermore, the figures from the Union include "new microfinance societies", while those from CCS do not. The Ministry of Co-operatives has published figures on microfinance societies, presented previously in Table 1. All of these figures are prepared by the Ministry of Co-operatives and none of these figures align. All three sets of figures are provided in Table 4. Columns are completed to reflect information provided.

Table 4: Comparing numbers of registered co-operatives[1]

Source	Ministry of Co-operatives*	Union of Thrift and Savings Co-operatives**	Central Co-operative Society**
Date	31 March 2013	30 April 2013	6 May 2013
Sector: Production		6,506	7,725
Agriculture		5,873	7,092
Fish & Meat		204	204
Forest product		7	7
Industrial		422	422
Sector: Services		2,212	2,901
Financial		1,974	2,276
Transport		40	40
General		198	
Health care			34
Banking			1
Women			41
Multipurpose			509
Sector: Trade		3,048	3,048
Sector: Microfinance	6359	9,276	9,276 (not provided – assume same as Union)
Departmental	1,229		
Ward/villages	150		
Bazaar	327		
Agriculture Producers	3,922		
Industrial	31		
Microfinance	397		
Livestock & breeding	334		
Trading	199		
Shwe Taung Company	70		
Total:		21,402	22,950

The figures provided for the hierarchical, four-tier structure of co-operatives also differs, although the total number of individual co-operative members is constant.

1 * Op cit 21.
** Op cit 26.
*** Op cit 29, p 3.

Table 5: Comparing figures on Myanmar's tier system[2]

Source	Union of Thrift and Savings Co-operatives*	Central Co-operative Society**
Date	30 April 2013	6 May 2013
Apex (CCS)	1	1
Union	20	20
Federation	459	460
Primary	20,658	13,674
Total co-operatives	21,138	14,155
Total members	2,403,364	2,403,364

Financial co-operatives and financial inclusion

In terms of financial inclusion and co-operatives, the figures are equally difficult to interpret. Figures provided by CCS, described earlier, are likely reliable because of the structure and compact nature of CCS' microfinance operations. However, other interpretations of figures are less reliable. For instance, it is difficult to identify, with certainty, the number of co-operatives registered as financial co-operatives, as compared to co-operatives being created to engage in micro-finance, as compared to existing cooperatives that provide loans and are classified as microfinance co-operatives. The nomenclature further complicates issues, as co-operatives are identified in different documents as "microcredit co-operative societies", "microfinance cooperative societies", and "savings and credit co-operatives".

Rough estimates of the current reach of financial co-operatives can be compared with figures published by some of the largest non-governmental MFI provides. What emerges is that if figures are accurate - cooperatives have potential to reach many clients, and current CCS MFI operations are comparable in reach to those of large MFIs.

Financial service co-operatives provide savings and loan services to their members. Most savings and credit co-operatives are open to a specific membership base (e.g. teachers). Interest rates at several financial co-operatives are 2.5 percent on savings and 7.5 percent per annum on loans.

Finding 13: If figures are accurate, there is potential for reach for financial inclusion initiatives through cooperatives.

Table 6: Comparing financial reach of co-operatives with MFI providers[3]

Organization	Number of members/clients	% of total population (est. 60 million)
Co-operatives	2.4 million	4%
Microfinance co-operative societies@	768,220	1.2 %
CCS borrowers@@	60,036	0.1%
MFIs (est)	1,013,000	0.7%
UNDP/PACT Borrowers (MFI)@@@	365,000	0.6%
PACT Borrowers (MFI)@@@@	74,194	0.1%
Total	1,841,256	3%

2 * Op cit 26.
** Op cit 29, p 3.
3 @ Op cit 29, p.21.
@@ Op cit 29.
@@@ Op cit 4,p.35.
@@@@ Op cit 29.

4.2 Primary societies

Primary co-operatives are the bed-rock of a healthy co-operative system. The business success of primary co-operatives and indications of member engagement are often signs of healthy co-operatives that contribute to strong, financially viable co-operative structures. As has been described so far, co-operatives have a tarnished brand and anecdotal evidence demonstrates that many people do not want to join cooperatives. But what about those individuals – the apparently 2.4 million – that are already members of co-operatives? What is their experience with the co-operative model?

Several primary co-operatives societies were visited in Myanmar in late May and early June 2013.63 Cooperatives were visited in Yangon, Naypyitaw, and Patheine, and discussions were facilitated with members of the board of directors. Sectors included services (women's, and finance) and production (industrial). While such a sample size does not allow for any substantive conclusions about co-operatives, these discussions allow for general observations about primary societies, in particular, as they relate to the eight areas of co-operative operations outlined in the methodology. Note that only one Union cooperative and one Federation co-operative were met during the visit. As a result, these two levels are not addressed in this study.

Primary societies share several key characteristics.

- The average size of primary societies is between 150 and 225 members. Financial co-operatives tend to be the larger.
- Membership limited to village catchment area or single occupation/employer.
- Boards of directors of five to seven individuals, depending on the size of the co-operative, are elected at annual general meetings, with staggered four-year terms. Two board members operate as a supervisory committee.
- Co-operatives are required to keep a monthly balance, and financial statements are audited at least once year, if not twice, by the Department of Co-operatives.
- All primary co-operatives are required to join syndicate or federation level co-operatives.

Primary co-operatives met during the assessment left a strong impression of democratic control, transparency, and member responsiveness. Semi-annual audits by the Department of Co-operatives seem to have generated a sense of member obligation to manage and report on finances responsibly. This in turn has led to co-operatives having strong internal controls over operations and spending and transparency with members. Members hold their elected boards of directors to account for the finances of the co-operatives. This is also reflected by low delinquency rates among financial co-operatives and other types of co-operatives that have lending. Consequently, the primary co-operatives met during the visit demonstrated a fairly good level of trust between members.

It was more difficult to ascertain the strategic and market responsiveness of primary co-operatives, or their capacity to engage with their communities. It was unclear co-operatives visited had business plans, as compared to other types of businesses, or how the co-operatives would fare in an increasingly open and competitive market economy in Myanmar. Furthermore, because co-operatives are limited in their catchment areas and often have a negative brand, added competition could make it difficult for them to raise revenue and broaden reach, through increased membership.

Finding 14: Primary co-operative societies demonstrate trust between members, and internal controls on spending and operations.

5.Role of international cooperative support in the sector

A growing number of international non-governmental organizations (INGO) are taking an interest in the co-operative sector in Myanmar. This interest is driven largely by programming needs. Like LIFT, some INGOs are interested in expanding access to financial services through financial co-operatives. Several INGOs implementing food security and rural development projects are interested in organizing farmers into co-operatives to expand joint storage, transformation, and marketing opportunities.

Until recently, few INGOs or other external actors have engaged with the co-operative sector in Myanmar. Even though a number of INGOs have agreements with the Ministry of Co-operatives or the Department of Small Scale Industries, few seem to be engaged directly with co-operatives.64 CCS has been engaged with a number of regional and international mechanisms, including the Asian Association Confederation of Credit Unions (AACCU) and the International Co-operative Alliance (ICA), Asia-Pacific regional office. CCS has been able to some employees on ICA, Asia-Pacific organized exposure visits to Japan and Iran. As noted in Section 3.4, AACCU was instrumental in setting up CCS's first microfinance operations. CCS entered into engagement with the Credit Union Foundation of Australia (CUFA), however it has not resulted in any joint-programming.

More recently, the Canadian Co-operative Association (CCA) was the first international co-operative development agency to sign a memorandum of understanding with CCS, under which CCS and CCA will identify opportunities to collaborate in a number of areas, including co-operative governance and business planning, policy and regulation, gender equality, as well as leadership and youth.65 Similarly, WeEffect (formally the Swedish Co-operative Centre), is developing a project with CCS to develop marketing capacities of two co-operative federations that are CCS members in the Ayeyarwaddy Division.

Other INGOs are engaged with fledgling co-operatives, outside of formal arrangements with the national Ministry, Department, or CCS. CUFA is engaging directly with financial co-operatives in Shan State.66 PlanNet Finance (Germany) has received funding from the European Union to support the development of at least three financial co-operatives in Kayin State, in addition to training on marketing and good business practices, as well as co-operative formation training for the state level Department of Cooperatives.67 INGOs such as Groupe de Recherche et d'Echanges Technologiques (GRET, France), Action Contre la Faim (ACF, France), Oxfam (Great Britain), and Welthungerhilfe (World Famine Relief, Germany), ASVI (School for Management and Social Change, Italy), and Relief International (USA), are all engaged in a variety of activities with farmers that involve institutional models that verge on co-operatives, without being registered as such.

All of the INGOs engaged for this study noted that current beneficiaries in their projects were reticent about the co-operative model. Producers demonstrated consistently a lack of understanding of the valueadded of co-operative formation and/or fear of government interference. Interestingly, none of the INGOs seemed aware of the existence of registered co-operatives in any of their project areas.68 No INGOs seemed engaged in policy development or advocacy issues regarding co-operatives.

Finding 15: International support for co-operative development in Myanmar is in its early stages and is not co-ordinated, by international actors or the Government of Myanmar.

6. Comparing cooperative development in Myanmar and Indonesia

Although there are notable differences between Myanmar and Indonesia, such as their size, geography, and religious composition, there are many similarities that justify the comparison of the two Southeast Asian nations for the purposes of assessing the development of their co-operative movements. Text Box 3 describes several of these similarities.

Text Box 3: Comparable events throughout recent history of Myanmar and Indonesia

Economic and political similarities	Shared co-operative history
• Gained independence from European colonizers in the 1940's; • Were occupied by the Japanese during WWII; • Have more than 100 ethnic groups, yet the populations are heavily dominated by one group (43% Burmese in Myanmar and 45% Javanese in Indonesia)*; • Endured a military-dominated government and struggled for democracy following the Suharto and Ne Win regimes; • Underwent political reform as instability and division of class became more apparent; • Experienced ethnic and religious divide and political conflict, often culminating in resentment and suppression**; • Have a reasonable amount of natural resources but lacked the human and physical capital to significantly expand and harness them***; • Suffered financial crises in 1997 and 2002, respectively; • Began to see an expansion in the number and activities of civil society organizations following the end of the Suharto and Ne Win regimes, and again more recently in Myanmar, which has been a key element of reform; • Saw the end of authoritarian governments lead to an increase conflict causing long-lasting problems of national unity.	• Established co-operatives initially to provide citizens with an alternative to money lenders; • Have complex histories with European colonizers and their initiation of co-operatives according to their own rule of law; • Had unprecedented and unrealistic hopes for the success of co-operatives in revolutionizing the economy following independence from European colonizers; • Promoted co-operatives as the solution to capitalist intervention in the late 1940's; • Endured government intervention and control, which tarnished the co-operative brand and model; • Included a governmental mandate to initiate a large number of co-operatives in rural areas; • Political reform resulted in co-operatives that are/were positioned as government mechanisms (and not independent or autonomous actors) to implement policies on poverty alleviation and to provide financial support to rural poor.

* Sundhaussen, U. (1995). Indonesia New Order: A Model for Myanmar? Asian Survey, 25, 768-780

** Kuhn, A. (2013). As Myanmar Reforms, Indonesia Offers Some Lessons. NPR Broadcast. Retrieved from http://www.npr.org/blogs/parallels/2013/05/21/185815047/as-myanmar-reforms-indonesnia-offers-some-lessons.

*** Op cit 68.

6.1 Indonesia's co-operative history

Ruining the co-operative brand

The beginning of co-operative movement in Indonesia can be traced back to the formation of first co-operative bank "Hulp en Spaarbank" of savings and assistance in 1895, and the first consumer co-operative in 1910. In 1915, these co-operatives became legal entities with the implementation of regulations quite similar to the cooperative law of 1876 in Netherlands. However, enactment of this new co-operative law by the Dutch was problematic for co-operatives as it did not promote the independent functioning of co-operatives, nor was it based on local customs and needs. Just as was seen in Myanmar, the early co-operative movement in Indonesia was heavily based on models implemented in Europe; by-laws had to be in Dutch and were costly to approve by notaries, and permits were very costly with lengthy procedural delays.

Immediately following independence in 1945, co-operatives in Indonesia were promoted as the most plausible way to improve economic development. Much like Myanmar, Indonesia's independence leader and first president Sukarno's condemnation of capitalism and Marxism was originally viewed as a positive force development by the Indonesian population. The country's new constitution pushed for co-operatives as one of the three pillars of nation building. In 1947, Indonesian co-operatives held their first Congress, during which participants formed the Central Organization of the Indonesian People's Co-operative (SOKRI). SOKRI was the first national organization of Indonesian cooperatives, and later changed its name to Dewan Kpoerasi Indonesia (DEKOPIN: Indonesian Co-operative Council), the current apex co-operative society in the country.

By 1959, the Indonesian government's "guided democracy" and overarching regulation of co-operatives led to negative stigmas towards co-operatives, their effectiveness, and their ability to improve the livelihoods of their members. Under the "New Order" regime, co-operatives-like other parts of the Indonesian economy and society became subjected to even more extensive controls and restrictions. The village-unit co-operatives (KUDs), which had previously operated with some success as agricultural co-operatives, were forced to become multi-purpose co-operatives and were henceforth the only kind of co-operative permitted to exist. As in Myanmar, co-operatives became a government tool to express national control, and forced-participation ran rampant while the reputation of co-operatives among citizens deteriorated.

The legislation governing co-operatives was updated in 1967 as well as several times in the 1990's, with each becoming less repressive, while still retaining a strong guiding role for government. However, the "modern era" of Indonesian co-operative development began in 1998, following the collapse of the Suharto regime.

The transition to democracy

In 1998, President Habbibie[1] issued a Presidential Instruction declaring that co-operatives were the responsibility of society, not government, allowing the registration of new, non-KUD forms of co-operatives. The Department of Co-operatives was transformed in 1999 from an operational department into a coordinating Ministry of State with responsibility for regulatory and policy functions for both co-operatives and SMEs.

As Indonesia entered a new era of democracy, freedom of association, liberty of the press and an active civil society, the repressive environment within which co-operatives had existed for some 25 years was due for change. In 2002, three draft laws were submitted to Indonesia's parliament – the first elected parliament in the post-Suharto era.[2] One of these laws recognized the autonomous and member controlled nature of co-operatives based upon the International Co-operative Alliance (ICA) standards. Two others were proposed by competing interests within the government, including the apex co-operative (DEKOPIN) as well as the Minister of Co-operatives. None of these laws ever made it through the 1999 - 2004 parliamentary session, and the hence the 1992 co-operative law continues to be enforced. With the election of new parliament in 2004, a similar effort was made to decentralize the government's control of co-operatives; once again, the draft was not discussed before the end of the parliament session in 2008.

Evolving regional and global economic trends have contributed to a resurgence of pro-market approaches to co-operatives in Indonesia. On November 30, 2012, a new co-operative law was adopted.[3] The new law emphasized the equalization of co-operatives and other sectors of the economy wherein a co-operative was defined minimally as a "legal body", with no description of the key role of co-operative members. The law stipulated that co-operatives were eligible to accept share capital from government and external sources, similar to investments made in other forms of for-profit enterprises. Co-operative observers in Indonesia, and internationally, have expressed concerns that that allowing co-operatives to accept external share capital could create a situation where capital-rich investors that invest in co-operatives will take decision making power out of the hands of individual members.[4] Similarly, this provision could re-entrench the government's role in co-operatives, once again using co-operative structures as delivery mechanisms for goods and services.

6.2 Co-operative sector infrastructure

The Ministry of Co-operatives in Indonesia supports co-operatives through subsidization, the redistribution of profits, training, and technical assistance.[5] The Department of Co-operatives and Small-Medium Enterprises (Departemen Koperasi, Pengusaha Kecil & Menengah – DEPKOP) is then responsible for the functioning and regulation of Indonesian co-operatives. The government's poverty alleviation program aims to improve the role of small businesses, particularly in the agricultural sector, through the development of co-operatives and businesses in the informal sector. More than 39,000 co-operatives and 8,700 new village co-operatives were established in the country through this program.

Non-financial co-operatives

In 2012, it was estimated that there were 149,000 co-operatives in Indonesia representing more than 33

1 The successor of Suharto, and third President of Indonesia following independence. President Habbibie held office from 1998-1999.

2 One draft law was proposed by the Minister, another was proposed by DEKOPIN, and the last was proposed by local co-operatives backed by international support, including the World Bank and the Canadian Co-operative Association.

3 Law No. 17/2012

4 Robby Tulus, former Regional Director Asia Pacific with the International Co-operative Alliance. Personal Phone Interview. 22 July, 2013.

5 International Co-operative Alliance (ICA) Committee on Consumer Cooperation for Asia and Pacific (2012). Myanmar: Highlights of Consumer Co-ops. Retrieved from http://www.euro coop.coop/en/publications/reportsmemos/508-the-present-status-of-consumer-co-operatives-in-asia-and-the-pacific-2012

million members (approximately 13 percent of the total population).[6] The Indonesian co-operative system includes a three-tier hierarchy with primary and secondary co-operatives being members of: DEKOPIN (the apex organization for secondary co-operatives which have members in more than one province) DEKOPINWIL (the provincial co-operative council for primary co-operatives operating in multiple regions) and DEKOPINDA (the district co-operative council for co-operatives operating in one municipal region.[7] DEKOPIN was established in 1947, and includes 60 National Co-operative Federations and 33 Provincial co-operatives.

Financial co-operatives

Credit Union Central for Indonesia (CUCO) is the apex organization for credit co-operatives in the country. Over the past three decades, member-initiated and controlled credit unions have been growing in strength and numbers while promoting their development based on three pillars: self-reliance, financial autonomy and promotion of education. The contribution of the credit union can be clearly seen in the rural areas and remote island of Indonesia where financial services available are very scanty. The credit union system has given access to people who were unable to receive bank loans due to a lack of collateral.What started in 1971, as the promotion of more formalized credit unions in pilot areas around Jakarta, has grown to more than 930 credit unions with 2 million members and assets in excess of $1.683 billion US.[8] Credit unions do not accept financial support from the Indonesian Government. However, credit unions in Indonesia are facing increased pressure from government to seek subsidized loans from the Lembaga Pengelola Dana Bergulir (LPDB, a revolving loan government agency) to distribute funds in rural areas.[9]

6.3 Lessons learned from Indonesia

1. Disentangling co-operatives from government is a long process. Establishing autonomy and independence from government has taken many years, sustained leadership by co-operatives, willingness by government and continuous growth, success and profitability of the co-operative.
2. Reforms to co-operative legislation need to be aligned with other democratic reforms, including decentralization and financial regulation. As democratic power, resources and influence devolved to regional and local governments, adjustments to their understanding the role of co-operatives and their regulation required change.
3. Reforms to co-operative legislation take time and can be co-opted by competing interests from within and outside the co-operative sector. Co-operatives can be attractive to government for political reasons. The interests of the members must remain the primary concern of the co-operative.
4. Demonstrated interest and willingness to pursue co-operative reforms is not necessarily matched by reforms that promote independent and autonomous co-operative entities. Understanding of co-operatives as member-owned and controlled business entities evolves over time. Government and other interests can be drawn to co-operatives for purposes that interfere with co-operatives serving the needs of their members.

6 Ibid

7 Ibid

8 World Council of Credit Unions (WOCCU)Indonesia Homepage (2010). Retrieved from http://www.woccu.org/about.

9 Op Cit 66.

7. Strengths, weaknesses, opportunities, threats analysis of co-operatives in Myanmar

Table 7: SWOT Analysis

Strengths	Opportunities
• Trust has been established within functioning co-operatives. • There are functioning co-operatives (census is incomplete) • Strong internal controls exist within primary level co-operatives, enhanced by regular auditing of co-operative practices. • There are high levels of women's participation on boards of directors and memberships within some primary co-operatives. • Institutions (CCS, universities, and colleges) exist, through which co-operative training and extension services could be provided. • CCS has established international ties that are providing updated models of effective co-operatives. • CCS and some Federation leaders are seeking new models of co-operatives to meet evolving market demands. • Co-operatives are recognized in national development plans.	• There is trust within some functioning co-operative institutions, which can be difficult to find in societies transitioning from dictatorship. • There is a new co-operative law being prepared for approval by cabinet, which could lead to new independence and autonomy for co-operatives, and reinvigorated the co-operative brand. • Political will to allocate resources to the co-operative sector can provide a foundation to create awareness of needed change in co-operatives. • There is an international community looking to engage with co-operatives. • The co-operative model addresses Myanmar's development challenges, especially in rural areas. • Co-operatives have potential to reach individuals, especially those with members that have already developed a level of trust.
Weaknesses	**Threats**
• Tarnished co-operative brand. • Current co-operative law intertwines government and co-operatives. • Little member ownership of co-operative structures, as bonds are created through laws and lines of credit rather than membership dues and services that improve co-operative's ability to meet member's needs. • Little knowledge of modern co-operative practices within the co-operative sector. • No verified data on existing co-operatives. • No modern IT practices within co-operatives. • It is not clear that co-operatives are sustainable in a market economy.	• Overwhelming government involvement of the process does not help overcome the tarnished co-operative brand. • Unreasonable government expectations for co-operative model leads to abandonment or disillusionment of the model. • Too much money from government or other outside sources weaknesses or eliminates any form of member buy-in, or responsibility. • Confused or blurred regulatory responsibilities lead to failures within the co-operatives system. • Piecemeal approach to co-operative support by international community leads to disconnected co-operative initiatives and divergent co-operative brands. • Different interests within the co-operative system divide the structure, which leads to slow, ineffective changes in the co-operative model in Myanmar. • Co-operatives overwhelmed by other private sector actors in a market economy. • Confusion about regulatory needs of co-operatives and micro-finance institutions.

8. Policy Recommendations

The objective of the study was to develop policy recommendations to LIFT of potential areas of linkages between co-operative development and LIFT's programs, and financial inclusion in particular. Co-operatives are member-owned, democratically run businesses that create and share wealth, thereby contributing to economic development and poverty reduction. Recommendations are based on findings identified over the course of the study, reproduced in Table 4. Recommendations are also linked to LIFT's Draft Strategy Document, published in June 2012. Finally, recommendations have been framed to reflect the long-term interest of creating a sustainable co-operative sector in Myanmar, while also presenting more short-term initiatives that LIFT can undertake to strengthen its programmes, as they affect co-operative development.

Table 8: Summarized Findings

Finding 1	The history of co-operatives in Myanmar has generated a largely negative perception of co-ops.
Finding 2	The 1992 Co-op Law enshrined a top-down, imposed co-operative structure, with a minimal sense of ownership of secondary, tertiary, and apex structures.
Finding 3	Co-ops in Myanmar are not autonomous or independent economic actors; the 1998 Rules firmly intertwine the Government and the co-op sector in Myanmar.
Finding 4	The Government of Myanmar intends to create over 5,000 new co-operatives per year, with an aim of establishing one co-operative in every village, as a means of increasing MFI penetration and reducing poverty.
Finding 5	There is a lack of clarity in the supervision of financial co-operatives, financial co-operatives with microfinance operations, and co-operatives that have obtained MFI licences. This uncertainty will hamper long-term co-operative development.
Finding 6	The Department of Co-operatives seems to regulate the operations of existing co-ops in a predictable fashion.
Finding 7	Awareness exists within official circles in Myanmar that co-ops have a negative brand and that changes are needed to co-op laws and regulations.
Finding 8	While institutions exist in Myanmar to disseminate knowledge on co-operatives, there are few individuals equipped to disseminate knowledge on modern co-operatives.
Finding 9	The Central Co-operative Society is part of the Government of Myanmar's co-operative apparatus, but the ties to government are being weakened.
Finding 10	CCS' microfinance procedures seem to operate according to good microfinance practices.
Finding 11	The awareness and willingness to modernize co-operative practices exists within CCS.
Finding 12	Official statistics regarding the number and status of co-operatives in Myanmar likely contain inaccuracies.
Finding 13	If figures are accurate, there is potential for reach for financial inclusion initiatives through co-operatives.
Finding 14	Primary co-operative societies demonstrate trust between members and internal controls on spending and operations, although in their current state, primary co-ops may not be relevant to a market economy.
Finding 15	International support for co-operative development in Myanmar is in its early stages and is not co-ordinated, by international actors or the Government of Myanmar.

In a recent impact evaluation of the co-operative model conducted for the Canadian Department of Foreign Affairs and Development, the factors that have contributed to the success of co-operative movements in the three countries studied include:

- Effective and stable leadership;
- Effective board leadership;
- An enabling economic and legal environment;
- International/external support;
- Common social-economic needs of the population;
- Committee members with a sense of ownership;
- Political stability and an absence of severe social conflict;
- Dual driving forces (from top and bottom) that respond to unmet needs;
- Strong support from the Government and community;
- Capable management and governance; and,
- Market-driven business practices.[1]

This is very appropriate and applicable in Myanmar.

Recommendation 1: Engage deliberately in the process of reforming the co-operative law

In order for co-operatives to play a positive role in helping organise rural producers – to facilitate "increased agricultural production and incomes…through improved production and postharvest technologies [and] improved access to inputs and markets" (LIFT Output 1)[2] – a new co-operative legal framework is required. LIFT needs to be aware of forthcoming changes, and how these changes impact the LIFT-supported projects that relate to co-operative development. Engaging more deliberately in the process aligns with LIFT's stated aim of pursuing "relationships with ministries and local authorities in an effort to ensure that LIFT activities are relevant to the government's priorities".[3] Such engagement could take a variety of forms, from planning regular consultations between LIFT programme staff, CCS, and the Ministry of Co-operatives; to providing funding for legal support initiatives (e.g. research, policy, study visits) to ensure that the proposed law facilitates the development of autonomous, member-owned co-operatives. As the private sector rapidly evolves in Myanmar, government policy on co-operatives will need to evolve. Exposing senior government officials to co-operatives in market driven economies can further support this consideration. Review of co-operative policy should include advice and counsel from international co-operative policy experts.

Recommendation 2: Differentiate between regulating financial co-operatives and MFIs

Myanmar's financial regulatory structure should be based on international good practice standards and procedures, and therefore accommodate the unique nature of financial co-operatives, in order to promote them as a responsible mechanism of financial inclusion. Engaging in this area aligns with LIFT's aims to support "finance institutions [that] can demonstrate they will be sustainable beyond the support provided by LIFT" as well as "support reforms to micro-finance policy".[4] Currently, regulatory responsibilities are divided between the MMSE and the Department of Co-operatives. Short-term LIFT programming options include ensuring that any policy level engagement by LIFT or LIFT implementing partners on the Co-operative Law or Central Bank Law includes issues of regulation of financial co-operatives. Similarly, capacity building for the MMSE and other regulators can include sessions on the unique nature of financial co-ops.

Considerations for prudential legislation for financial co-operatives includes licensing and organizing requirements (co-operative principles as well as standardized accounting and reporting, external audit, capital adequacy, provision for loan losses, liquidity standards, internal controls as well as credit, collection and savings policies), capital, definition of powers and permissible activities, effective supervisory bodies, governance principles, deposit and loan concentration limits for members, record keeping and anti-money laundering policies and deposit guarantee. This report does not attempt to lay out the requirements for micro-finance institutions, however regulators and legislators should consider that not all of these factors are applicable.

CCS is active in both co-operative representation and managing micro-finance branches. Their capacity in understanding complexities of each should not be overlooked; however expert advice will be required to incorporate good international practices. Further work should be done to ensure appropriate differentiation with evolving micro-finance legislation and regulation.

Recommendation 3: Better understand role of existing co-operatives in LIFT programs

Data on the reach and impact of co-operatives in Myanmar is imprecise. While it is not practical, or necessarily useful, to conduct a nationwide survey of co-operatives in Myanmar, LIFT can consider making it a requirement for implementing partners to survey existing co-operatives and co-operative support programmes in LIFT programme areas, if co-operatives are an explicit component of the project in question. This aligns with LIFT's desire to: "(a) understand

1 Capra International Inc. (2013)

2 Op Cit 81, p.1.

3 Ibid, p.5.

4 Ibid, p.6.

local markets and market linkages; and, (b) identify and interact with private sector players that have the potential to create sustainable employment". [5]

Recommendation 4: Develop guidelines on co-operative development

Co-operatives are of importance to the Government of Myanmar. Co-operatives are also increasingly being included in a variety of donor-funded projects by diverse INGOs, not all of which have worked with co-operatives in the past. It would be beneficial to gathering lessons being learned by INGOs in working with co-operatives. For LIFT to promote pro-poor growth policies that include co-operatives – whether financial, agricultural, or otherwise – standard guidelines should be adopted for co-operative development in LIFT programs. This would further facilitate learning across LIFT projects and program areas, as well as engage the Government of Myanmar on co-operative policy issues. Continuous training and education is essential to the creation of sustainable co-operatives. Investment in a co-operative knowledge centre at CCS or a University or College could build the human resource capacity to develop co-operatives that will be serve the needs of their members.

Recommendation 5: Support models of modern co-operatives.

Co-operatives are a practical way for members to work together to improve their economic and social circumstances and the community. The term "seeing is believing" is very appropriate. LIFT's encouragement and support of the start-up or transformation of an existing co-operative to international standards and principles would provide new energy and insights to current and future leaders as well as governments. Strengthening of "model" member owned and controlled co-operatives will serve the need of "seeing is believing", be a school of co-operatives and become a focal point for future development in Myanmar.

The larger issue of the appropriate role for the Department of Co-operatives should also be addressed. According to international best practices, the mobilization, start up and training of co-operatives is a conflict of interest with the role of regulating co-operatives. Currently the Department of Co-operatives performs both functions and the writer was advised that it is not unusual for a representative of the Department of Co-operatives to be a permanent advisor to a co-operative Board of Directors, exercising influence on operations. International capacity building, training tools and resources can assist the appropriate shift in roles and responsibilities. CCS has a base of experience in co-operative development that can be updated. Developing sustainable co-operatives generally takes more than 5 years in a growing economy with good legislation and 10 years in a more challenging context like Myanmar. There is an undisputed need to build local capacity and infrastructure, however caution is advised when considering how to apply grant funding. Outside funds can undermine local member investment and control of the co-operative however when applied judiciously to build the sustainable capacity of co-operatives, outside funds can assist to build essential infrastructure. International experience should be referenced.

5 Ibid, p.5.

Annex 1: Desk study

Annotated Bibliography

Study on Myanmar Co-operative Systems

Articles about co-operatives, micro/rural credit, inclusive finance, and agriculture in Myanmar

Capra International Inc. (Publishing Date September 2013, forthcoming). Thematic Evaluation on the Cooperative Model, Final Evaluation Report. Partnerships with Canadians Branch. Foreign Affairs, Trade and Development Canada.

David, D., et. al (2011). Myanmar Agriculture in 2011: Old Problems and New Challenges. Ash Centre for Democratic Governance and Innovation: Harvard John F. Kennedy School of Government.

- The authors discuss updates one year after their previous report on long-term trends in Myanmar rice production. The authors argue for a reform of agricultural policy and practice as a way to mitigate poverty in Myanmar.
- A prominent change following the 2010 report was an increase in the number of farmers that had access to credit. However, the 2011 report indicates that many of the farmers' loans were not repaid. Issues arising from inflationary pressures seem to be the main contributor to farmer`s increased debts and unpaid loans. Authors conclude that stabilized exchange rates, etc., are a necessity for rural farms be competitive in Myanmar.
- Practical Example: In 2009, the Myanmar Agricultural Development Bank (MADB) provided 8000 kyat per acre, to cover the average cost of inputs in the cultivation of rice in Myanmar. In that year, there were no other formal-sector lenders for farmers. However, due to large amounts of debt among many farmers, these new loans were simply used to pay interest payments on previous loans, and the risky cycle continued without any increases in farming productivity. In contrast to other clientele, higher interest rates were not the solution to compensate for the riskiness of famers in this case. The authors prescribe what they assert as necessary in the agricultural sector to reduce poverty, improve living standards, and facilitate economic growth.

Dorsey, J. (2012). Synthesis Report: Impact Evaluation of the United Nations Development Program/ Myanmar's Microfinance Program in the Delta, Dry Zone, and Shan State.

- The program began in 1997 and an impact evaluation was conducted in 2007. This report serves as a follow-up assessment, as well as a baseline survey for the upcoming 2014 evaluation. The evaluation is comprised of a qualitative survey, a panel study, and a cross-sectional study.
- The author finds that the program had a positive impact on clients, as well as community members not officially participating in the program. The program directly improved food security, education, housing assets, and women participants' quality of life. Positive externalities include higher employment, improved health, better loan services, and increased standards of living.

Duflos, E., Luchtenburg, P., Ren, L., & Chen, L. (2013). Microfinance in Myanmar Rapid Sector Assessment. IFC Advisory Services in East Asia and the Pacific. CGAP & IFC.

- The most comprehensive survey of access to finance in Myanmar, which is structured according to:
  - Country context
  - Micro level: supply and demand of microfinance
  - Meso level: policy, regulatory, and supervisory framework.
  - Macro level: financial infrastructures, networks, and training.
  - Funding for microfinance initiatives
  - Recommendations
- The report was done relatively quickly, and presents a broad picture of the nature of "inclusive finance" in Myanmar.
- Co-operatives are mentioned, but not in detail; they are discussed at the micro-level as providers, however there is little discussion of the co-op society's ability to set up or supervise new co-operatives.
- Interesting history of co-operatives on pg 34. All the information cited was made available to CCA when we visited Myanmar in Oct 2012.

Gilhaeng, H. (2003). Policy Directions of Agricultural Marketing in the Union of Myanmar. Journal of Rural Development, 26, 67-97.

- The author views agriculture as the key ingredient to economic and rural development in Myanmar. Gilhaeng focuses on the agricultural sector of Myanmar including limitations, areas of weakness, possible remedies, and future directions.
- The author suggests that having many ministries responsible for agricultural marketing is confusing, and often leaves important functions such as demand adjustment and price stabilization, unclaimed. The Ministry of Co-operatives is mentioned as one of the governing bodies producing policies on agricultural activities.
- Although agricultural co-operatives have a long history in Myanmar, their role in agricultural marketing is relatively undocumented and unclear. The author discusses why agricultural cooperatives in Myanmar have failed to increase the income of farmers, however, he also stipulates that agricultural cooperative in Myanmar are a key ingredient to poverty alleviation in rural areas.
- Page 92 lists the suggested reforms of Myanmar cooperatives in agricultural marketing.

Griffiths, D. (2007). Myanmar Co-operatives Information Sheet. Information and Documentation Centre of ICA – Asia & Pacific. Retrieved from: http://news.victoria.coop/artman2/uploads/1/Facts-Myanmar.pdf

- This fact sheet provides a brief historical account of the co-operative movement in Myanmar. It highlights several statistics regarding co-operative societies, and highlights one co-operative; The Htet Arkar Kyaw Farming and General Trading Co-operative Syndicate Ltd.

Hanning, A. & Jansen, S. (2010). Financial Inclusion and Financial Stability: Current Policy Issues. ADBI Working Paper 259. Tokyo: Asian Development Bank Institute. Available: www.adbi.org/working-paper/2010/12/21/4272.financial.inclusion.stability.policy.issues/

- The paper argues that financial inclusion can promote financial stability in the wake of economic crises; low-income earners tend to exhibit less financial variability during financial crises. It also discusses ways in which to mitigate institutional issues with financial inclusion.
- The article is categorized according to the following chapters:
    - What is financial inclusion and how to measure progress
    - Financial inclusion trends
    - The relation between poverty and financial inclusion
    - Financial inclusion policies: recent innovation
    - Trade-offs and synergies between financial inclusion and stability
    - Conclusions and recommendations: how financial inclusion equips the poor to cope with instability
- The article does not discuss the role of co-operatives in inclusive finance, nor is it specific to Myanmar's economy; however, it does provide valuable information in a broad Asian context.

International Co-operative Alliance (ICA) Committee on Consumer Cooperation for Asia and Pacific (2012). Myanmar: Highlights of Consumer Co-ops. Retrieved from http://www.eurocoop.coop/en/publications/reportsmemos/508-the-present-status-of-consumer-co-operatives-in-asia-and-the-pacific-2012

- This short report is divided as follows:
    - Co-operative movement in Myanmar
    - Outline of consumer co-ops
    - Representative co-operative societies
    - Problems and future visions
    - Relationship with the government
    - Basic information on Myanmar
- The article profiles the four general trading co-operative societies.

Ikuko, O. (2011). How do Poor Rural Households in Myanmar Cope with Shocks? Coping Strategies in a Fishing and Farming Village in Rakhine State. Developing Economies, 49, 89-112.

- The author investigates how rural families in Myanmar cope with unexpected income shocks (i.e. the sickness or death of a family member). Due to lack of access, high costs, and poor social stigma surrounding credit, the author finds that families favour self-insurance rather than exogenous resources such as loans. Ikuko finds that if families cannot use self-insurance, they will seek a non-interest loan from friends or extended family, or through in-kind services. In the event that a family has no access to these systems, they will then seek an interest-charging loan from a moneylender, which may have interest rates surpassing 120% per year.
- The data comes from a field survey conducted in Rakhine State in 2008.
- The references used in this article include many commonly cited and well known development economics academia.

Kaino, T. (2006). Rural Credit Markets in Myanmar: A Study of Formal and Non-formal Lenders. Asian Journal of Agriculture and Development, 3, 1-15.

- This article investigates rural credit markets in Myanmar to advise policy direction for microfinance institutions in the nation.
- Data includes 301 households in the Dry Zone of Myanmar.
- Using econometric analysis to assess market segmentation, the paper finds that improving semi-formal financial institutions (PACT Myanmar – an international NGO MFI supported by the UNDP) positively affects formal credit providers (MADB); the formal and semi-formal loans act as economic complements in rural Myanmar.
- Author finds that there is excess demand in the market whereby underprivileged citizens cannot gain access to either semi-formal or formal credit. Kaino argues that this segmentation will limit income development and he suggests that this should be explored in future research as a poverty alleviation strategy.
- This paper serves as background information pertaining to the needs of rural poor in Myanmar, as well as current market failures.

Kim, M. (2013). Rural Poverty Alleviation in Burma's Economic Strategy: A Comparative Evaluation of Alternative Interventions to Increase Rural Access to Capital. Prepared for Myanmar Development Research Institute (MDRI).

- Kim, M. is a Master of Public Policy Candidate at the Stanford School of Public Policy at Duke University. This article is her master's dissertation.
- Kim investigates the Myanmar Development Research Institute's (MDRI) strategies to reduce poverty and increase access to financial systems in rural Myanmar.
- Kim conducts a qualitative impact analysis of three potential credit access interventions used in other countries including:
    - Rural credit co-operatives in Germany and China
    - Rural microfinance programs (governmental and NGO)
    - Joint partnership between Vietnam and World Bank for rural credit schemes
- This paper has a useful executive summary for consultation. However, the sections pertaining specifically to co-operatives are very sparse.

Maung, M. (1965). Agricultural Co-operation in Burma: A study on the Value Orientation and Effects of Socio-Economic Action.

- Maung claims that agriculture co-operation is the key method of socio-economic reform, and is economic, cultural, and social foundation of Burma. However, the author suggests that ability of co-operative societies to operate effectively in Burma should not be assumed a priori, as many Burmese co-operatives exhibit large gaps between intended results and actual outcomes.
- Unlike Turnell (cited above), Maung argues that agricultural credit co-operatives can be sustained in Burma under certain conditions. Maung suggests that since independence, co-operatives have been associated with the government's nationalist, anti-capitalist, and socialist ventures, rather than being highlighted as a viable economic program. The article is organized as follows:
    - The motivation and value-orientation of co-operatives in independent Burma
    - Analysis and appraisal of achievements in agricultural co-operation in terms of value-rationality and purpose-rationality
- Although the article is likely outdated, it provides readers with an important historical/colonial context through which to analyse current agricultural co-operatives in Burma. Although
- This article was the focus of Maung's work when she encountered the Elephant Catching Co-operative Society of Burma, cited below.

Maung, M. (1966). The Elephant Catching Co-operative Society of Burma: A Case Study on the Effect of Planned Socio Economic Change. Asian Survey, 6, 327-337.

- The author argues that "planned socioeconomic change" rarely allows adequate time to see favourable results and often impedes actual socio-economic change through overriding traditional practices. The author uses a prominent economic function (relevant to the 1960's) – elephant catching, taming, and selling for use in the timber industry - to identify a gap between modernization program intentions and results in Burma.
- In the 1950's the Burmese government invoked a plan to industrialize the timber industry. The Burmese government, as owner of all land and natural resources, constituted the bulk of demand for elephants in the country and its prescribed transformation of the sector lead to the unemployment of the elephants and the elephant catchers/sellers. Since the elephants' comparative advantage was in the timber industry, they were not utilized elsewhere leading to disequilibrium in the market. As a result, private moneylenders created a monopolistic market for elephants, often exploiting altered opportunity costs for the elephant tamers. In response, the government suggested the elephant tamers create a producers' cooperative.
- The elephant catching co-operative was formed in 1951 as part of Burma's 5 Year Co-operative Plan. Participation in the co-operative was voluntary; however, the initial encouragement stemmed from the Burmese governments' national co-operative movement. The article claims that the main motivation in forming the co-operative was "the opportunity of procuring easy credit and other aid from the government". Pages 330-336 discuss the

co-operative's formation, protocols, membership, statistics, sustainability etc.
- This article was the unexpected result of the author's research into agricultural credit in Burma (also cited in this bibliography)

Münkner, H. (2006). One Hundred Years: Co-operative Credit Societies Act in India: A Unique Experience in Social Engineering. Alliances de recherche universités-communautés en économie sociale.
- This paper explores the legalities associated with the Indian Co-operative Credit Societies Act which was implemented in Myanmar in 1904.
- The article is especially interesting from the historical co-operative movement in the country and certainly provides substantial evidence of modern-day views towards colonial co-operatives.

Poston, G. (2007). The Credit Co-operative Movement in Myanmar: An Application of the "Thrift and Credit Co-operative Evaluation Methodology". The International Journal of Co-operative Management, 7(2), 91-106. United Kingdom: New Harmony Press Ltd.
- CCA knows the author quite well.
- First real study of financial co-operatives in Myanmar, using the "thrift and credit co-operative evaluation methodology".
- The methodology used was developed by Gus Poston (author) and is available here: http://newthinking.org.uk/toolkit.htm. Toolkit is strong on exploring market demand and supply, but relatively simplistic on components of co-op governance (i.e. the human part of co-ops).
- The article presents the history, structures, strengths, and weaknesses of financial co-operatives in Myanmar, and their potential for growth as a means of increasing financial inclusion in Myanmar.

Poston, G. (2009). Approach to computerise Micro Finance Institutions in CCS – updated. Memo to CCS (made available to CCA).
- Author presents options to computerize CCS' MFI operations

Poston, G. (2009). Development of Microfinance in the Co-operative Movement of Myanmar. The International Journal of Co-operative Management, 4(2). United Kingdom: New Harmony Press Ltd.
- Follow-up to his November 2007 article.
- This article documents the growth of a straightforward MFI model being implemented with success by the Central Co-operative Society (CCS) in Myanmar.
- Argues again about the potential for growth.

Poston G. (2012). Outline Project Paper for Institutional Development of the Microfinance Program of CCS. Memo to CCS (made available to CCA).
- Memo prepared as CCA was considering engaging in projects/programs in Myanmar.
- Author summarises earlier articles and memos, and presents capacity building options for the co-op movement and CCS, in particular.
- Article has a lot of focus on accounting and IT, but also management/leadership training for CCS staff and Reform of Federation of Thrift and Credit Cooperatives, to align with new MFI law (Nov. 2011).

Poston, G. (2012). Recent Development of CCS Microfinance Program.
- Memo discusses CCS statistics (members, loans outstanding, profits, etc.) as well as the impacts of the new 2011 law. Upon evaluation, author briefly describes key issues at CCS, and possible support initiatives
- Challenge is that MFIs not under CCS now require substantial capital, which is often unfeasible – CCS plans to incorporate key initiatives into CCS programming.

The Times of India (30 March 2012). Myanmar Seeks National Dairy Board's Support to Set Up Dairy Board.
- The entirety of the article is as follows: "Myanmar has sought assistance of the National Dairy Development Board (NDDB) to set up a dairy board in Myanmar along the lines of India's dairy board. The Southeast Asian country has also sought NDDB's technical support to set up processing capacity and training facilities while it has requested country's national dairy board to assist it in framing rules and regulations for setting up cooperatives."

The Myanmar Business Handbook: Co-operatives. (2003). Makati City, Philippines: Options Information Company. Retrieved from http://search.proquest.com/docview/189387786?accountid=6180
- This (very) brief chapter discusses the 1992 law regarding co-operatives in Myanmar. The article details the activities included in Myanmar's co-operative sector and provides descriptive statistics for each.
- The article concludes with a short discussion of prospects for future co-operative development including the operations of co-operative degree colleges and vocational schools in Myanmar.

Turnell, S. (2005). Cooperative Credit in British Burma. Sydney, Australia: Economics Department, Macquarie University.

- Turnell is a former Senior Analyst at the Reserve Bank of Australia.
- The author traces the development of co-operative credit from Brittan and India to Burma, as a tool for poverty alleviation. The author concludes that due to a lack of adequate cultural, historical, and economic insight, the credit co-operative movement did not meet original expectations.
- The paper is organized as follows:
    - A discussion of the Chettiar operations in Burma
    - Historical foundations of co-operative credit
    - Organizational structure of colonial Burma
    - Rise and fall of co-operative credit in Burma
    - A discussion of what went wrong from the "Calvert Committee"
- Turnell is pessimistic about the role of credit co-operatives in Burma in the early 1900's.
- While this paper is limited to colonial credit co-operatives, it does provide historical context for current co-operative societies in Myanmar.

Turnell, S. (2009a). Fiery Dragons, Banks, Money Lenders, and Microfinance in Burma. Copenhagen: Nordic Institute of Asian Studies (NIAS) Press.

- This book describes current operations and struggles of the Burmese financial system from the beginnings of colonial rule to the present.
- The second chapter is titled "Co-operative Credit to the rescue?". It begins with a discussion of the Co-operative Credit Societies Act imposed by the British in the early 1900's and as the author writes: "The chapter tells a chronological story of the rise and fall of co-operative credit in Burma from its optimistic beginnings, to its despairing implosion during the Great Depression [and onwards]".
- Turnell tends to view the credit co-operatives implemented in Burma in the early 1900's as ill conceived and poorly executed.
- A book review was written by:
    - Nyein, S. (2010). Journal of Contemporary Asia, 40, 379-682.

Turnell, S. (2009b). Recapitalizing Burma's Rural Credit System. Presented to the Myanmar Update Conference at Australian National University. Economics Department Macquarie University.

- The article discusses several plausible causes of Burma's economic crisis in 2009; however, it asserts a lack of financial capital as the most daunting catalyst.
- The author offers suggestions for moving forward and argues that Burma's overarching problem is the "stranglehold" of its government.
- The article is organized as follows:
    - A summary of Burma's credit and capital drought following Cyclone Nagris
    - A discussion of Burmese institutions meant to provide agricultural and rural finance in Burma focusing on Myanmar Agricultural Development Bank (the government's only rural credit tool)
    - Case study of Myanmar "gas ports" as a great success story in creating new sources of capital for rural credit
    - Forward looking optimisms regarding rural credit in Myanmar.
- This paper cites several articles related to development, aid, and agriculture in Myanmar that are not directly related to co-operatives but which may be of interest for contextual purposes.

Warr, P. (2000). The Failure of Myanmar's Agricultural Policies. Southeast Asian Affairs, 20, 8.

- This article argues that agriculture (which constitutes 43% of Myanmar's GDP and employs an estimated 70% of its population) is a major catalyst for the nation's sluggish pace in comparison to other South East Asian economies. The author discusses possible remedies and provides statistics on distribution of GDP by state, co-operatives, and private organizations.
- This article does not provide any substantial discussion to the use of co-operatives in agricultural reform.

Myanmar co-operative reports

ACCU (March 2013). Asian DEs Examine their Hearts as Credit Union Advocates. ACCU Management Report.

- Discusses a training workshop on AgriFinance (March 19-21, 2013) organized by CCS.
- Highlights the needs of rural farmers to have access to credit/agrifinance to reduce poverty.

ACCU (January 2013). Federations Plan to Pilot AgriFinance in Credit Unions. ACCU Management Report.

- ACCU is a partner of CCA.
- ACCU CEO travelled to Myanmar and discussed future strategies for CCS to improve access to financial services for members and beneficiaries.

Central Co-operative Society (2010). CCS Board Report. Yangon.

- Annual report from CCS, describing the performance of CCS-led co-operatives in Myanmar with a strong focus on MFIs.
- States that CCS now assists 120 MFIs benefiting 87,520 members, which has made them "the most successful, and acknowledged as the best in Asia".
- Very little evidence of addressing issues brought forth by Gus Poston's recent work and recommendations.

Articles regarding Myanmar Co-operative Laws and Legislature

General Than, S (1992). The Co-operative Society Law, Notification No. 9/92. The State Law and Order Restoration Council. Yangon, Myanmar.

- In December 1992, The State Law and Order Restoration Council enacted this document as "The Co-operative Society Law" to govern co-operatives in Myanmar.
- Sections of the guiding document are structured as follows:
    - Basic principles of the society
    - By-law of the society and formation of the society
    - Membership, duties, rights of a member, and cessation of membership
    - Membership of a member society and duties and rights of a member society
    - Duties and powers of a society and cessation of a society
    - Finance of the society
    - Liquidation of the society
    - Giving decisions in disputes

Minister Aung S. (1998). The Co-operative Society Rules, Notification No. 1/98. The Ministry of Cooperatives - The Government of the Union of Myanmar. Yangon, Myanmar.

- In 1998, the Myanmar government enacted new "Co-operative Society Rules" including financial regulations, laws, directives, and utilization of bank loans. This is that document.
- Sections of the guiding document are structured around the following topics:
    - Determining the levels, types, and by-laws of co-operative societies
    - Formation and registration of co-operative societies
    - Election, assignment of duties, and termination of duties of the leading committee, board, etc., as well as meeting procedures and protocols
    - Finance of the society, and effecting insurance of the co-operatives society
    - The business of the co-operative society and maintaining statistics
    - auditing
    - Management of the co-operative societies and supervision
    - Liquidation
    - The co-operative flag and co-operative seal
- There are notable differences of chapter-content in this and the 1992 document of a similar name; the most recent is much more liberal and in line with universal co-operative practices. Diction (word choice in particular) is markedly different between both documents showing an evolution of co-operative law in Myanmar moving towards more commonly seen international standards. For instance, the 1992 document stipulates minimum membership standards (e.g. over the age of 18, and "not of unsound mind") to engage in co-operative societies, the later does not.

Thein, S. (2011). The Pyidaungsu Hluttaw Law No.13 (The Microfinance Law). Yangon: The Government of the Republic Union of Myanmar.

- Implemented November 30, 2011 this law stipulates the use of microfinance initiatives and programs in Myanmar. It is organized as follows:
    - Definitions for the microfinance law and objectives
    - Formation of rural development and poverty reduction committee and duties thereof
    - Formation of the microfinance supervisory committee, functions, duties, and powers thereof
    - Formation of the microfinance development working committee and function and duties thereof
    - Functions and duties of the Myanmar microfinance supervisory bureau
    - Establishment
    - License to Operate
    - Functions, duties, and powers of the microfinance institution
    - Auditing, reporting, and supervision
    - Taking action by administrative means
    - Liquidation
    - Prohibitions
    - Offences and penalties
    - Miscellaneous

Articles concerning development and/or transition in Myanmar

ACTION AID (2008). About our work in Myanmar, Retrieved from http://www.actionaid.org/where-we-work/asia-australia/myanmar

- ACTION AID works in the Kachin, Kayah and Rakhine States, and Ayeyerwaddy Division.
- The central approach of ActionAid in Myanmar is "supporting local organisations through intensive training and deployment of 'change-makers' (youth leaders) in target communities undertaking participatory planning, promoting democratic norms, and mobilising community resources".
- Although none are specifically about co-operatives or microfinance, there are many blogs/articles about ACTION AIDS work and life in Myanmar at the following website: http://www.actionaid.org/where-we-work/asia-australia/myanmar

Andrus, J. R. (1946). The Agrarian Problem in Burma. Pacific Affairs, 19, 260-271.

- As the title suggests, the article discusses issues related to agrarian living/reform in Burma during the 1930's. The article is mostly about agrarian issues prior to and immediately following Japanese invasion.
- While the article does not in any way discuss the role of co-operatives as plausible solutions to agrarian reform, page 267 claims that co-operative and marketing societies were relied upon following the 1939 Land Purchase Act which included the resale of land to" peasants on similarly generous terms, but also provided for the lease of land by government agencies".

Asia Development Bank (August 2012). Myanmar in Transition: Opportunities and Challenges. Manila, Philippines: ADB. Retrieved from http://www.adb.org/publications/myanmar-transition-opportunities-and-challenges

- The article displays Myanmar's rich natural resources and strategic geographical location for inter-Asian trade, learning, etc., but also sheds light on importance of building agriculture sector in Myanmar.
- Authors argue that Myanmar can be next big name in Asian Development mirroring high growth rates of China, India if they can learn from the experiences of Indonesia, Malaysia, Thailand, etc.
    - Authors predict that Myanmar should grow 7%–8% per year over the next 10 to 12 years, increasing household income to $2000 - $3000 by 2030 (nearly double current GDP/capita).
- An article based on transition economics, the document begins with an executive summary and is then divided into the following chapters:
    - Myanmar in transition (macroeconomic performance, poverty and inequality, MDGs)
    - Changing external environment (e.g. trade, investment, and environmental opportunities)
    - Strengths, constraints, opportunities, and risks
    - Implications for Myanmar's economic transition (e.g. managing macroeconomic stability, mobilising resources, building development foundations, building planning and statistical capacity.

AusAID (July 2012). Burma Annual Program Performance Report for 2011. Retrieved from: http://www.ausaid.gov.au/countries/eastasia/myanmar/Documents/burma-appr-2011.pdf.

- Depicts AusAIDS's work in Myanmar, their motivation, goals, and progress thus far emphasizing health, education, and food security.
- No discussion of co-operatives specifically and simply uses the 2011 Microfinance law as an example of the government's commitment to economic reform.
- Provides specific reference to their work with LIFT (p. 8) and the Australian Centre for International Agricultural Research (ACIAR)

AusAID / Australian Government (2011). Strengthening Civil Society in Myanmar. Paung Ku Annual Report 2010/11.

- As the title suggests, the Paung Ku (PK) project strives for a strong civil society in Myanmar.
- The annual report describes PK's four main objectives (each representing a chapter in the report); building capacity, improving practice, facilitating networking, enhancing advocacy, civil society strengthening.
- PK also funds mentoring projects.
- No discussion of co-operatives and the only reference to microfinance projects specifically, is through accounts of mentors' activities.

Lay, K. (2012). Young Movement in Myanmar. CUFA. Retrieved from: http://www.cufa.com.au/service/component/content/article/59-january-newsletter-2012/282-myanmar.

- Describes CUFAs work with Buddhist partners that have implemented a financial co-operative consisting of 238 institutions and 65,000 members in 26 regions throughout Myanmar.
- Argues that given the lack of access to formal financial services in Myanmar, financial co-ops are bridging a much-felt gap in the region. Their goal is to strengthen the network of financial co-operatives in the North East of Myanmar.

Thein, M. (1990). Monetary and Fiscal Policies for Development. Myanmar Dilemmas and Options: The Challenge of Economic Transition in the 1990s, 53-88.

- This chapter analyzes financial institutions (including co-operatives) and monetary policy in Myanmar both historically and with regards to the 1980's and 1990's. The thesis questions which financial institutions and policies are conducive to sustainable development in Myanmar in the 1990's.

Turnell, S. (2011a). Fundamentals of Myanmar's Macro economy: A Political Economy Perspective. Asian Economic Policy Review, 1, 136-153.

- The author investigates financial systems and monetary policies from a political perspective. Main topics include taxation, rural financial crises, credit allocation, exchange rates, foreign investment, and external debt.
- Dissimilar to his previous papers, in this article Turnell does not explore the role of co-operatives in establishing genuine economic development or reform in Myanmar.

Turnell, S. (2011b). Myanmar in 2011. Asian Survey, 52, 157-164.

- This article briefly comments on politics, ethnic tensions, international relations, and economic reform in Myanmar in 2011. Understandable, the author describes 2011 as a year of change in Myanmar.

UNDP (2010). Human Development Initiative – Myanmar.

- The HDI report focuses on improving food security and livelihoods, and building local capacities.
- Co-operatives are not mentioned in any capacity beyond indicating that "farming co-operatives are encouraged".
- There is also an Independent Assessment Mission of the Human Development Initiative in Myanmar (2011) by Glen Swanson, on behalf of the UNDP.

Ware, A. (2011).The MDGs in Myanmar: Relevant or Redundant? Journal of the Asia Pacific Economy, 16, 579-596.

- The author proposes that the developments considered in the MDGs are much needed in Myanmar; however, he argues that the international community must adapt these goals to the Myanmar context. Given that Myanmar receives less international funding/aid flow than any of the 50 least developed countries in the world, it is important to view relative progress and success of MDGs to ensure international support continues through 2015.

Relevant articles for Indonesia and Myanmar comparison

Goenka, A., & Henley, D., eds. (2010). Southeast Asia's Credit Revolution: From Moneylenders to Microfinance. Routledge Studies in the Growth Economies of Asia. London and New York: Taylor and Francis, Routledge.

- This book compiles 11 articles regarding microfinance as a poverty alleviation mechanism in Southeast Asia. Notably, there are articles regarding microfinance in both Indonesia and Burma.
- This book is not available online.
- A review of this book states that it is most informative for people interested in topics such as microfinance, rural and informal credit, or the complex and fascinating history of these in Indonesia".
    - Toth, R. (2013). Southeast Asia's Credit Revolution: From Moneylenders to Microfinance. Bulletin of Indonesian Economic Studies, 49, 123-124.

International Co-operative Alliance. (1967). Agricultural Co-operative Credit in South East Asia. Bombay: Asia Publishing House.

- Questions of interest include:
    - How have credit co-operatives fared? What are the problems facing co-operatives dealing with agricultural credit? What factors lead to successful/unsuccessful co-operatives in different countries?
- The article focuses on co-operative failures in India, as well as successes in Japan, Pakistan, the Philippines, and Ceylon. There is no direct comparison for Indonesia and Myanmar.
- Four page review of the article: Shivamaggi, H. (1968). Trade Goes with Finance: Agricultural Co-operative Credit in South East Asia. Economic and Political Weekly, 3, 1239-1242.

Kipgen, N. (2012). Societies in Political Transition: A Comparative Study of Burma under Ne Win and Indonesia under Suharto. Journal of Asian and African Studies, 47, 750-764.

- The article discusses the similarities between the 1962-1988 reign of Ne Win and 1967-1998 reign of Suharto in Burma and Indonesia, respectively, as well as the differences following the demise of the aforementioned dictators.
- The author suggests that analysing these events will shed light on the role of civil society in democratic transition.

Kuhn, A. (2013). As Myanmar Reforms, Indonesia Offers Some Lessons. National Public Radio. Retrieved from http://www.npr.org/blogs/parallels/2013/05/21/185815047/as-myanmar-reforms-indonesnia-offers-some-lessons.

- The article describes what advice Indonesia can provide to Myanmar as its struggle for democracy and economic development is afflicted by religious conflict. The sectarian violence in Myanmar closely resembles similar events

in Indonesia just over a decade ago.
- In terms of the separation of military and government, establishment of free press, uniting segregated groups, and pursuing democracy, the author makes note of Myanmar following Indonesia's previous trajectory.

Llanto, G. & Badiola, J. (2011). Rural Finance Environment in Asian Countries: Policies, Innovations, Financial Inclusion. Asia-Pacific Rural and Agricultural Credit Association (APRACA) FinPower Programme and International Fund for Agricultural Development (IFAD).
- Myanmar is certainly not a major emphasis in this document. However, the Myanmar Agricultural Development Bank (MADB) is discussed briefly with descriptive statistics for promoting financial inclusion.
- The article finds that Myanmar, as a transitional economy, has not suffered tremendously from the global financial crisis due to its relative isolation.

Mya, T., & Myat, T., eds. (2000). Financial resources for development in Myanmar: Lessons from Asia Singapore: Institute of Southeast Asian Studies.
- Eleven articles that describe financial systems in Myanmar, and which serve as lessons learned (from Southeast Asian nations) for promoting development in Myanmar through the mobilization of resources.
- There is a section on Indonesian financial reforms.
- This book is not available online.

Pye, L. (1999). Civility, Social Capital, and Civil Society: Three Powerful Concepts for Explaining Asia. Journal of Interdisciplinary History, 4, 763-782.
- As its title suggests, this essence of this article is not related to co-operative development in South East Asia. That being said, it does have several points that are of interest to this bibliography.
- The author discusses (p. 780) the similarities between times of vast nation building in Myanmar and Indonesia. In terms of the organizations that challenged governmental rule and the suppression of civil society, which shadowed the nations for decades, Myanmar and Indonesia tell the same tale of the struggle for independence, and democracy.

Roberts, C. (2008). Affinity and Trust in Southeast Asia: A Regional Survey. People's ASEAN and Government's ASEAN, 84-92.
- This study is predominantly concerned with increasing security in South East Asia through building a collective regional identity.
- What is of interest to this bibliography is the article's assertion of the main hindrance to this institutionalized identity being trust, within and among nations. The author cites Myanmar and Indonesia as the most untrusting nations.
- This is of great importance to this bibliography, given that the exemplified characteristic of trust in Myanmar co-operatives is arguably one of the sector's greatest strengths.

Sundhaussen, U. (1995). Indonesia New Order: A Model for Myanmar? Asian Survey, 25, 768-780.
- The article pertains to the Burmese SLORC's interest in Indonesia's Suharto regime as a way to increase standards of living and military function. SLORC representatives travelled to Jakarta to study the Indonesian military's political and defensive methodologies. However, the author argues that the Indonesian record of accomplishment is unlikely to be replicated in Burma do to its preceding military interventions.
- The article compares and contrasts politics, violence, government, leadership, ethnic tensions, military, and the economy in both Myanmar and Indonesia in the 1990's.

Articles regarding the Indonesia co-operative development/movement

Food and Agriculture Organization of the United Nations (FAO). A Study of Co-operative Legislature in Selected Asian and Pacific Countries. Produced by the Economic and Social Development Department. Bangkok: FAO.
- This article compares co-operative legislature between several Asian and Pacific Countries (including Indonesia).

Hatta, M. (1957). The Co-operative Movement in Indonesia. Ithaca, New York: Cornell University Press.
- Mohammad Hatta was vice President of Indonesia from 1945-1956, but he is often referred to as the father of the Indonesia co-operative movement.
- This book is a collection of six of Hatta's speeches on Co-operative Day.
- An interesting book review was also published in the following Economic Journal:
    - Hatta, M. (1958). The Co-operative Movement in Indonesia. The Journal of Economic History, 3, 361. In this review Hatta highlights one telling-quote:
        - "[the co-operative movement is] the one and only means of raising the economic standards of the people of Asia just freed from foreign domination, whose countries are popularly referred to as underdeveloped".
        - The book review also refers to the compulsory savings aspect of Indonesian co-operatives, which is an interesting point of comparison between the Myanmar and Indonesian Co-operative Movements.

Higgins, B. (1958). Hatta and Co-operatives: The Middle Way for Indonesia? The ANNALS of the American Academy of Political and Social Science, 319, 49-60.

- Higgins discusses Vice President Hatta's role in the co-operative movement in Indonesia, as well as his view of co-operatives as the path to a "classless Indonesia" and economic development without capitalism. Hatta views Indonesia as the only solution to the nation's "inferiority complex".
- While agreeing with many of Hatta's marks regarding the effectiveness of co-operatives, Higgins argues that co-operatives should not be viewed as the quick-fix solution to jump start the Indonesian economy and send GDP soaring.

ICA Committee on Consumer Cooperation for Asia and the Pacific. Cooperative Movement in Indonesia. Retrieved from http://www.eurocoop.coop/dmdocuments/reports_Memos/asia_2012_04.pdf.

- This memo is organized as follows:
    - Co-operative movement in Indonesia
    - Outline of consumer co-ops
    - Representative co-operative societies
    - Problems and future visions
    - Relationship with the government
    - Basic information on Indonesia

International Labor Organization. (2012). Reducing Poverty and Creating Jobs through Co-operatives in Indonesia. Press Release retrieved from http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS _183301/lang--en/index.htm.

- This article promotes a partnership between the ILO and the Indonesian Ministry of Cooperatives and SMEs to improve financial education and micro insurance through co-operatives. Several highlighted quotes are below:
- "The cooperative movement in Indonesia is considered as one of the largest civil society organizations as well as social enterprises with great potential in rural development and employment creation."
- "Learning from experiences of other countries will benefit Indonesia as we could apply the lessons learned, tools and methodologies that are available for replication. At the same time, our partners could also learn experiences of Indonesia in managing the huge potentials of cooperatives."

Sulastri, E. & Maharjan, K. (2002). Role of Dairy Cooperative Services on Dairy Development in Indonesia. Journal of International Co-operation, 9, 17-39.

- The advancement of the dairy sector is a key component of economic and rural development in Indonesia and it is largely through dairy co-operatives that this progression is occurring. This paper utilizes the Daerah Istimewa Yogyakarta Province as a case study for the role of dairy co-operatives in improving milk production, marketing facilities, research, and education, and the lives of farmers in Indonesia.
- This article is very specific to dairy development.

Suradisastra, K. (2006). Agricultural Co-operatives in Indonesia. FFTC-NACF International Seminar in Seoul, Korea.

- Suradisastra is the Senior Researcher at the Indonesian Centre for Agriculture Socio-Economics and Policy Studies. NACF is the National Agricultural Cooperative Federation (Korea) and FFTC is the Food and Fertilizer Technology Centre for the Asian and Pacific Region.
- This article discusses the history of farming co-ops in Indonesia as an inseparable component of the country's government initiatives focusing on growth and development. In the 21st century, there were rapid changes in the country's economic policies and new open market competition made it difficult for many agricultural co-ops to survive; this reflects similarity to the high number of cooperatives that currently exist in Myanmar.
- The article is organized as follows:
    - Agricultural structure and its development
    - History of village unit cooperatives
    - Development of Indonesia's Dairy Co-operative Union: a different story
    - Current situation of agricultural cooperation
    - Recent developments: innovations and opportunities and their effects
    - Implications and emerging needs

Books without lengthy description and not available online

Hassan, A. (1988). Strategy of Co-operative Development in Indonesia. Jakarta: National Centre for Cooperative Training and Development, Department of Cooperatives.

Hassan, A. (1986). Selected Readings on Cooperative Development in Indonesia. Jakarta: National Centre for Cooperative Training and Development, Department of Cooperatives.

Koperasi, J. Cooperative Development in Indonesia up to 1976. Jakarta.

Interesting Articles about Indonesian Co-operatives (although not the most relevant)

Sakai, M. (2010). Growing Together in Partnership: Women's Views of the Business Practices of an Islamic Savings and Credit Co-operative (Baitul Maal Wat Tamwil) in Central Java, Indonesia. Women's Studies International Forum, 22, 412-421.

- This paper seeks to examine how an increase in Islamism is affecting women's "participation in public life" by assessing the reach of one savings and credit co-operative in Indonesia that is heavily linked with Islamic jurisprudence. However, it also attests to the effects of increasing Islamism on credit co-operatives in Indonesia.
- Results indicate that although the BMT savings and credit co-operative does not have products specifically targeted for women, their products were shown to improve women's self worth and ability to "attain economic independence".
- Driven by social justice concerns (including mitigating greed-driven capitalism), BMT focuses its services on disadvantaged/marginalized small-scale businesses – since women constitute the majority of this demographic in the region, they are the dominant beneficiaries of BMT services.
- This co-operative has allowed women not previously able to avail of formal banking services to participate in the regional economy.

Seibel, H. D. (2008). Islamic Microfinance in Indonesia: The Challenge of Institutional Diversity, Regulation, and Supervision. Journal of Social Issues in Southeast Asia, 23, 86-103.

- The author argues that rural Islamic microfinance has failed to operate efficiently or effectively as microfinance institutions, perhaps due to negligence of the owners/operators. The author writes, "unsupervised Islamic co-operatives are an outright menace to their members who risk losing their saving". He asserts that the only two solutions are as follows:
    1. "assisting Islamic commercial banks to establish units with Islamic microfinance products
    2. reassessing in a participatory process the challenges and realistic opportunities of Islamic rural banks and cooperatives, with a focus on effective internal control, external supervision, and the establishment of associations with apex services to their member institutions."

Annex 2: DLA questions

Myanmar

Facilitated Discussions with Co-operatives

Development Ladder Assessment (DLA) – "Lite" – Methodology

May – June 2013

Methodology summary: The DLA, is a capacity building and measurement tool that CCA and partners have tested and implemented around the world. Created by CCA in consultation with partners and technical experts, the DLA helps community-owned enterprises and institutions assess their current capacities and understand their change over time. The DLA captures the main features of a healthy co-operative enterprise as a means of both social and economic development. The process emphasizes participative discussions on ratings, with co-operatives themselves fully involved in assessing their strengths, weaknesses and identifying areas they need to improve according to sets of key indicators. In Myanmar, the DLA has been compressed to key issues addressing: (1) Strategy/market responsiveness; (2) Member Responsiveness; (3) Social Development; (4) Democratic Control; (5) Transparency/Ethics; (6) Operations; (7) Financial health (credit-unions) (8) Financial health (non-financial co-ops); (9) Lending (financial co-ops).

Tombstone Data:

Name of co-op	
Location	
Years of establishment	
Registration/incorporation status	
Number of members (men/women)	
Number of paid staff (men/women)	
Sector of business	
Names and roles of individuals attending discussion	

Checklist of written documents

Strategic/Operational plans	
Foundation/incorporation documents	
Annual Report/Financial statements	
Official 2012 year end financials	
Membership profile (number of members for last 3 years, gender of current members, small businesses, etc	

Board composition	
2013 goals and objectives	
2013 operating budget	
Last AGM agenda and minutes	

Financial Tombstone Data for Financial Co-operatives

*Data inputted into concomitant excel spreadsheet, to produce ratios

	2012	2011	2010
$ Deposits			
# Deposit Accounts			
$ Member Shares			
$ Loan Portfolio			
# Active Loans			
Loan Loss Reserve			
Loan Write Offs			
Net Income			
Total Assets			
Institutional Capital			
Operating Income			
Operating Expenses			

Portfolio Aging Report									
>30 Days		>90 Days		>180 Days		>270 Days		>360 Days	
#	$	#	$	#	$	#	$	#	$

Financial Ratios

*Local benchmarks are TBD; if non-existent, World Council of Credit Unions benchmarks will be used

Ratio	Local Bench mark)*	2012 Fiscal Year	2011 Fiscal Year	Definition
Return on Assets (net income/average assets)			#	The financial co-op needs to generate a profit in order to build up its capital reserves and protect itself in the event of future losses.

Institutional capital/ total assets				Institutional capital is the funds owned by the financial co-op (retained earnings, donations etc.). Financial co-op's need this to establish reserves, purchase assets, and to protect the financial co-op in the event of future losses.
Net loans/total assets				Loans typically generate the highest returns for the financial co-ops, so the majority assets should be loans. Net loans = (Total Outstanding Loans – Loan Loss Provision)
Operating expenses/ average assets				Shows how efficient the financial co-op is in managing its assets.
Deposits/total assets				Savings are a comparatively low cost source of capital, so the majority of assets should be financed by savings.
Operational self-sufficiency ratio (operating income/operating expenses)				Calculates whether the financial co-op is generating enough revenue to cover its operating costs or whether it is using up its institutional capital to maintain normal operations.

Guiding Questions for Facilitated discussion

(1) Strategy/Market Responsiveness
1.1 What was their purpose in starting the co-op (refer to incorporation documents to determine date that they started and any identification of membership, etc)?
1.2 What do they want the co-op to do (goals and objectives)?
1.3 How will they know they are successful (in 1 year and for the next 3 – 5 years)?
1.4 Who is their competition?
1.5 What makes them different from other companies that are not co-operatives?

(2) Member Responsive
2.1 Who are their members?
2.2 Why would members go to the competition and not to the co-operative?
2.3 Has their membership grown in the last 3 years (if so – why, if not – why)?

(3) Social Development
3.1 What is the benefit to their members for belonging to the co-operative?
3.2 Are all members treated equally?
3.3 Is the benefit to the community from the co-operative (identify any community activities over the last year)?
3.4 How do the things they do affect the environment (probably more relevant to producer or marketing based co-operatives)?

(4) Democratic Control

4.1 Is anyone able to join their co-operative (if no – why not – review their incorporation papers as they may be 'closed' to a specific group)?

4.2 How many of their members are men, women, young people (18 – 25), groups, small businesses?

4.3 How many board members do they have, how are they elected, are there women on the board?

4.4 What do board members do if they are in conflict because of being on the board; has this ever happened; is there a 'policy' for this?

4.5 Are board members and staff treated the same as regular members (if no – get examples)?

(5) Transparency/Ethics

5.1 Is members information kept confidential<

5.2 Is there a 'code of conduct' which says what is acceptable behavior for the board, management and staff<

5.3 Do the members feel free to tell the board or management about things that are bothering them?

5.4 If complaints come from members how are they handled?

5.5 Does the co-op share its financials with the members regularly (AGM) or on request?

5.6 Do members think that their money is safe with the co-operative (physical safety as well as trust issues)?

(6) Operating Procedures

6.1 Are good records kept of members dealings with the co-operative?

6.2 How does your co-operative related to CCS (CCS could own them or they could be a member – try to identify if their participation is active)?

(7) Financials - Non CU's

7.1 Who does your books, what are their qualifications?

7.2 Review the books to ensure they are adequate for the enterprise (chart of accounts, journal, general ledger, supporting documents, trial balance capability, do they meet GAAP)?

7.3 Are delinquent accounts followed up?

7.4 Are financial statements audited, how often?

7.5 Are all members transactions recorded as they occur?

7.6 Does the co-operative make a profit?

7.7 Do they get external support (government, CCS, donors, etc); what would happen if this support ended tomorrow?

7.8 Is annual revenue increasing (last 3 years)?

7.9 Does the co-operative have retained earnings or a capital reserve?

7.10 Is the volume of business that members do with the co-operative increasing?

(8) Financials - CU's/Lending

8.1 Who does your books, what are their qualifications?

8.2 Review the books to ensure they are adequate for the enterprise (chart of accounts, journal, general ledger, supporting documents, trial balance capability, do they meet GAAP)?

8.3 Are financial statements audited, how often, by whom?

8.4 all members' transactions recorded as they occur?

8.5 Does the credit union make enough revenue to cover all expenses?

8.6 Do they get external support (donors or CCS, etc); what would happen if this support ended tomorrow (PEARLS ratio is 5% or less – check on country context)?

8.7 Is annual revenue increasing (last 3 years) ?

8.8 Does the credit union have retained earnings or a capital reserve?

8.9 Is the volume of business that members do with the credit union increasing?

8.10 Is there 'segregation of duties' to help stop fraud?

8.11 Can members' financial information be easily found?

8.12 Are operating costs reasonable for the operation (review the financial statements; PEARLS ratio is < /= 5% based on operating expenses/average assets; get country context)?

8.13 Can the credit union build its capital (PEARLS ratio is 10% based on net income/average assets)?

8.14 Is the credit union solvent (retained earnings/total assets; PEARLS ratio is between 5 – 10%)?

(9) Lending

9.1 Do you provide loans? What percent of your assets are lent out (PEARLS ratio is 60 – 80% - check for country context)?

9.2 Who approves loans; are there guidelines, walk us through the granting of a loan?

9.3 Are delinquent loans followed up (how, within how many days) (explore if the credit union is paid first or last if a member has more than one outstanding loan)?

9.4 Is there an allowance for loan losses (greater than 12 months delinquent)?

9.5 What is your delinquency rate (PEARLS ratio is <5%)?

Annex 3: Final agenda and list of organizations met

Date	Organization	Name of contact	Position (if known)
May 27	Oxfam	Jane Lonsdale Benoit Trudel	Associate Country Director Food Security & Livelihood Coordinator
May 27	LIFT	Barclay O'Brien Andrew Kirkwood Harald Dreuscher	Program Officer - Markets & Microfinance Fund Director Livelihoods & Food Security Trust Fund Programme Officer
May 28	GRET Meeting	Dr. Htet Kyu Laurence Tommasino	Deputy Country Representative Country Representative
May 28	INGO forum:		
	ACF International	Nuria Branders	Head of Dept-Food Security and Livelihoods
	Welt hunger hilfe	Bryan Berenguer	Head of Projects
	Partner for Development	Tom Harrison	
May 28	AVSI	Giovanni Catino Moe Sam	Country Director Project Manager
May 29	Canadian Embassy	Mia Yen	Charges d'affaires
May 29	CCS	Kyaw Thein Khin Maung Aye Thinzar Win Kla Kyu Min Lwin (frequent meetings)	CEO Chairman Assistant Manager Consultant General Manager
May 30	Coop University	U Zaw Myint Dr. Thein Tun	Pro-Rector Rector
May 30	Thirimay Coop Society	Khin Khin	Chairperson
May 30	Cooperative Bank Ltd. (CB Bank)	Kyaw Lynn	Executive Vice Chairman/CEO
May 31	YGN Institute of Economics, UNDP	Professor Augn Tun Thet	
May 31	Minister of Cooperatives	Myo Aung U Thaung Naing	Deputy Director
May 31	LIFT	Myin Maung Tun	
May 31	PACT program	Jason S Meikle	Deputy Director
June 3	Department of Coops in YGN		

June 3	Small Scale Industries Department NPT	Mya Than	
June 3	Union of Monetary Coop Ltd.	Myin Maung Htun Khin Maung Ohn Ye Myint	Chairman Vice-Chairman Secretary
	Ayeyawady Region Government	U Win Ko Ko	Minister of the Region
June 3	Coop Training Institute		
June 5	Field Visits to Pathein - Mat Weaving Coop		
	Umbrella Workshop		
June 5	Regional Coop Dept		
June 5	Regional Coop Society		
June 5	MFI Branch 43		
June 6	Women's Coop Society		
June 6	Primary Teacher's Coop Society		
June 7	UNDP	Heinz Willems	Microfinance Specialist

Annex 4: Terms of Reference for the assignment

TERMS OF REFERENCE
(Individual Contract Agreement)

Title:	Consultant for Study on Cooperatives Systems
Project:	Livelihoods and Food Security Trust Fund (LIFT)
Duty station:	Home Based
Section/Unit:	LIFT
Contract/Level:	International Individual Contractor Agreement IICA 3
Duration:	30 working days within six (6) weeks starting from 15 May 2013
Supervisor:	Programme Officer - Markets and Microfinance

1. General Background of Project/Assignment

UNOPS is the Fund Manager for the Livelihoods and Food Security Trust Fund (LIFT) in Myanmar. LIFT is a multi-donor fund for seven years (2010 – 2016) to address food insecurity and income poverty in Myanmar. The Donor Consortium of LIFT comprises Australia, Denmark, the European Community, France, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom and the United States.

The overall objective of LIFT is to contribute resources to a livelihoods and food security programme with the aim of making progress towards the achievement of Millennium Development Goal 1 (the eradication of extreme poverty and hunger) in Myanmar. Working through a trust fund modality, LIFT's purpose is to sustainably increase food availability and incomes of 2 million target beneficiaries.

This is to be achieved through delivering the following programme outputs:

1. Increased agricultural production and incomes supported through improved production and postharvest technologies, improved access to inputs and markets.
2. Targeted households supported in nonagricultural livelihood activities and/or trained in livelihood skills for employment.
3. Effective social protection measures supported that increase the incomes, enhance the livelihood opportunities or protect the livelihoods assets of chronically poor households.
4. Sustainable natural resource management and environmental rehabilitation supported to protect local livelihoods.
5. Capacity of civil society strengthened to support and promote food and livelihoods security for the poor.
6. Monitoring and evaluation evidence and commissioned studies used to inform programme and policy development.

And the following management outputs:

7. Funds allocated in line with Fund Board policies and are accounted for in a transparent manner.
8. Fund flow and partner performance monitored and evaluated.

LIFT is implemented through a variety of local implementing partners (IPs) who were successful in submitting proposals that supported the LIFT purpose in the areas targeted.

LIFT has recently opened a Financial Inclusion Window with the aim to address issues of lack of access to financial services among different categories of communities such as farmers, small and medium enterprises (SMEs), traders, livestock breeders, etc. According to the joint CGAP/IFC assessment , Myanmar has a very low ratio of outstanding loans-to-GDP (4.7%) and a ratio of deposits-to-GDP of just 12.6% in 2011. Currently, 4 State Owned Banks and 19 Private Banks have dominated the formal financial sector but SMEs and poor individuals in both rural and urban areas cannot generally access financial services from them.

CGAP/IFC's assessment reports that the microcredit service providers have reached 1.4 million people, with the contribution by NGOs and Cooperatives being the largest, i.e. 43% each, while the private sector contributed 14%. In November 2011, the Government passed the Microfinance Law and, up to December 2012, 130 microfinance licenses have been issued out of which more than 50% are Cooperatives.

Cooperatives have been providing microfinance services to low income people at significant scale for many years. The Department of Cooperatives was established in Myanmar in 1904 and is the longest served organization covering various types of cooperatives systems for different businesses and individuals. According to the 1992 Cooperative Society Law, the Central Cooperatives Society (CCS) was structured as an apex level organization to efficiently manage the activities of primary cooperatives such as agricultural cooperatives, producer cooperatives, education service cooperatives, etc. CCS began offering microcredit in 2007. Up to September 2011, with the support of CCS, 46 microfinance institutions have been established and they have reached 32,851 clients.

The operations of Myanmar Cooperatives is of interest to LIFT in terms of how it can be linked with LIFT's Financial Inclusion Window and the broader goal of expanding access to affordable financial services. The output from the consultancy should assist in policy development for future LIFT programmes. The research on Myanmar Cooperatives should also provide a comparative analysis between Myanmar and at least one Asian country which has similar competitive context of Cooperatives.

2. Purpose and Scope of Assignment

The overall purpose of the consultancy is to prepare a study on Cooperatives in Myanmar with a comparison with at least one of Asian country.

Under the direct supervision of the LIFT Programme Officer - Markets and Microfinance, the Cooperatives Consultant will perform the following duties:

a) Consult with the LIFT Fund Manager's Office (FMO) on the design of the research project.
b) Conduct desk review of any relevant LIFT project documents and existing research on Cooperatives in Myammar and comparable Asian countries.
c) Organize meetings and interviews with key staff members of the Ministry of Cooperatives, CCS and all other relevant stakeholders.
d) With prior agreement, make visits to Cooperative branches to understand field level activities and perceptions among the clients.
e) Obtain a current understanding of the achievements, systems, structures, products/services, financial position and roles of Cooperatives in Myanmar.
f) Analyse the research in comparison with those of the country/ies selected by using SWOT tools but not limited to them.
g) Share key research findings with LIFT stakeholders by organizing a briefing session.
h) Develop policy recommendations to LIFT as to areas of potential linkage between Cooperatives and LIFT and its programmes.

The consultant is responsible for abiding by security policies, administrative instructions, plans and procedures of the UN Security Management System and that of UNOPS.

3. Methodology and Deliverables

The following are the key deliverables during the consultancy period and the end of the assignment:

- Desk study of relevant documentation including materials provided by FMO and publicly available on the Cooperatives sector in Myanmar;
- Briefing and debriefing meetings with the FMO office in Yangon as agreed throughout the project;
- Consultations with those LIFT donors in Yangon (Australia, France, Switzerland, UK, US) and in Bangkok (Denmark, EU, Netherlands, New Zealand, Sweden) who indicate interest to meet;
- Draft research report covering Myanmar Cooperatives and a comparative analysis with at least one similar Asian country;
- A briefing session for sharing key research findings and policy recommendations; and
- A final report, in both electronic form and hard copy.

4. Monitoring and Progress Controls

The consultant will:

- submit to the FMO a detailed work plan before traveling to Yangon;
- submit to the FMO the draft findings paper and a final report that complies with the agreed format; and
- will be monitored against the agreed work plan and accomplishments will be assessed for quality and timeliness by the FMO.

5. Timing

- The total billable days for this assignment are 30 days.
- 15 days are allocated for field work in Myanmar and, where applicable, Bangkok (including travel days).
- The field work will take place between 1 May and 30 June 2013.
- 3 days of preparation and research and 12 days of report writing in the consultant's home country are included.

6. Qualifications and Experience

a. Education

A Master's degree in social sciences, business management, development economics, rural development, agricultural economics or related field.

A Bachelor degree social sciences, business management, development economics, rural development, agricultural economics or related field in combination with 10 years qualifying experience may be accepted in lieu of the Master's degree.

b. Work Experience

- A minimum of 8 years professional experience in a field related to rural development, livelihoods, planning or project management.
- At least 4 years of this field experience should be at a professional-level in rural credit. Prior experience in research on Cooperatives is an asset.
- Proven track record of high quality research work.
- Excellent communication skills, both orally and in writing, in English.
- Significant professional experience in South-east Asia with professional experience in Myanmar an asset.

c. Key Competencies

- Professionalism – Ability to conduct independent research and analysis, identify issues, analyze options and recommend solutions. Ability to work systematically, accurately and under pressure.
- Planning and organizing - Ability to establish priorities and to plan, coordinate and monitor own work plan to meet the deadlines and those under his/her supervision.
- Result-oriented - Ability to focus on the result for the clients and respond positively to feedback.
- Client orientation - Ability to identify clients' needs and appropriate solutions; ability to establish and maintain productive partnerships with clients.
- Communication - Proven ability to write in a clear and concise manner and to communicate effectively orally. Demonstrated ability to develop and maintain effective work relationship with procurement counterparts and substantive offices. Ability to communicate technical procurement matters in a simple and clear manner to individuals not well versed in the intricacies of procurement.
- Teamwork - Strong interpersonal skills and; ability to establish and maintain effective working relations with people in a multi-cultural, multi-ethnic environment with sensitivity and respect for diversity, and with high level stakeholders.
- Self-reliance: Ability to act independently with a minimum of supervision.
- Technological awareness - Excellent computer skills and ability to use software tools to present data clearly and concisely.

Project Authority (Name/Title) Andrew Kirkwood – LIFT Fund Director		Contract Holder (Name/Title)	
Signature	Date	Signature	Date

Livelihoods and Food Security Trust Fund
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