

Cooperatives in Myanmar: Brief History, Status and Direction of Development

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Outline

- Geography of Myanmar
- Over view of Myanmar Economy and Agriculture
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- Ministry of Cooperative
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- Economic Activities of Cooperatives
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- Credit Cooperative Movement
- Direction of Development
- Summary and Conclusion

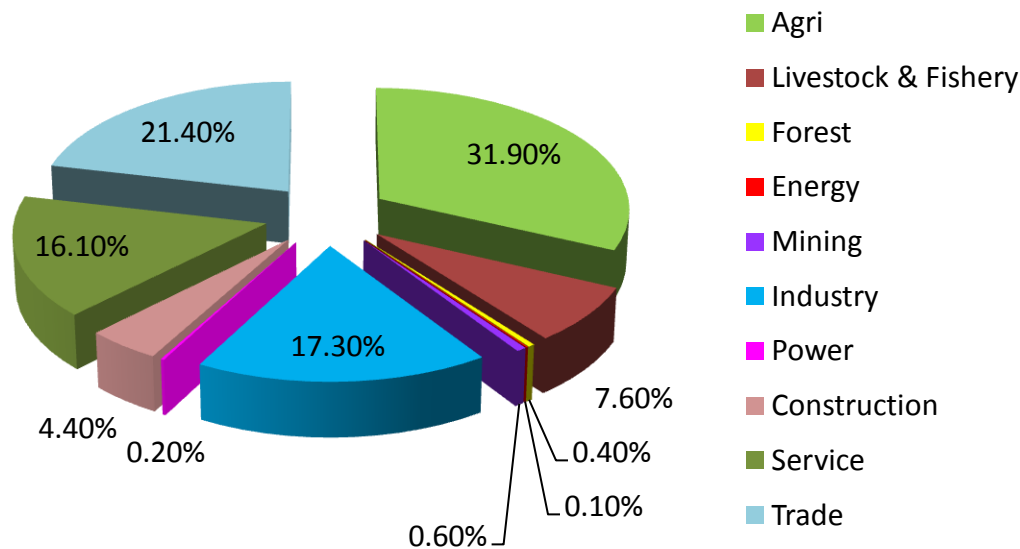
Republic of the Union of

Myanmar



- South East Asia; bounded by Thia, Laos, China, India, Bangladesh
- Capital: Nay Pyi Daw
- Population: ~ 60 million
- Tropical climate:
 - Summer: March-May
 - Rainy: June-Oct
 - Winter: Nov –Feb
- Agriculture: Primary Industry

Overview of Myanmar Economy and Agriculture



- Economy: Agri-based
- Agri : Major source of
 - Foreign exchange earnings,
 - Income
 - Food supply for people
- Annual growth rate: 1% 1990-2011 (MOAI)
- Economic development & poverty alleviation:
 - Role of cooperative sector

► Share of Agriculture in national GDP, 2009-10 (MOAI)

Production and Export of Major Crops 2009-10 (MOAI)

Crop (national total)	Sown Area (Ha '000)	Harvested (Ha '000)	Yield (MT/ha)	Production (MT '000)	Export (MT '000)
Paddy	8067	8058	4.06	32681	818.1 (Rice)
Sugarcane	160	158	61.61	9715	58.3 (Sugar)
Cotton	359	359	1.46	523	-
Maize	363	363	3.43	1245	10.4
Ground nut	866	866	1.57	1362	-
Sesame	1634	1632	0.53	868	24.4
Sunflower	883	883	0.89	782	-
Pulses	4383	4382	1.25	5486	1231.9

Myan's Eco growth:

- ❖ narrowly-based,
- ❖ largely depends on energy & agriculture

Constraints:

- ✓ poor access to credit,
- ✓ lack of private land ownership
- ✓ inadequate infrastructure and inputs

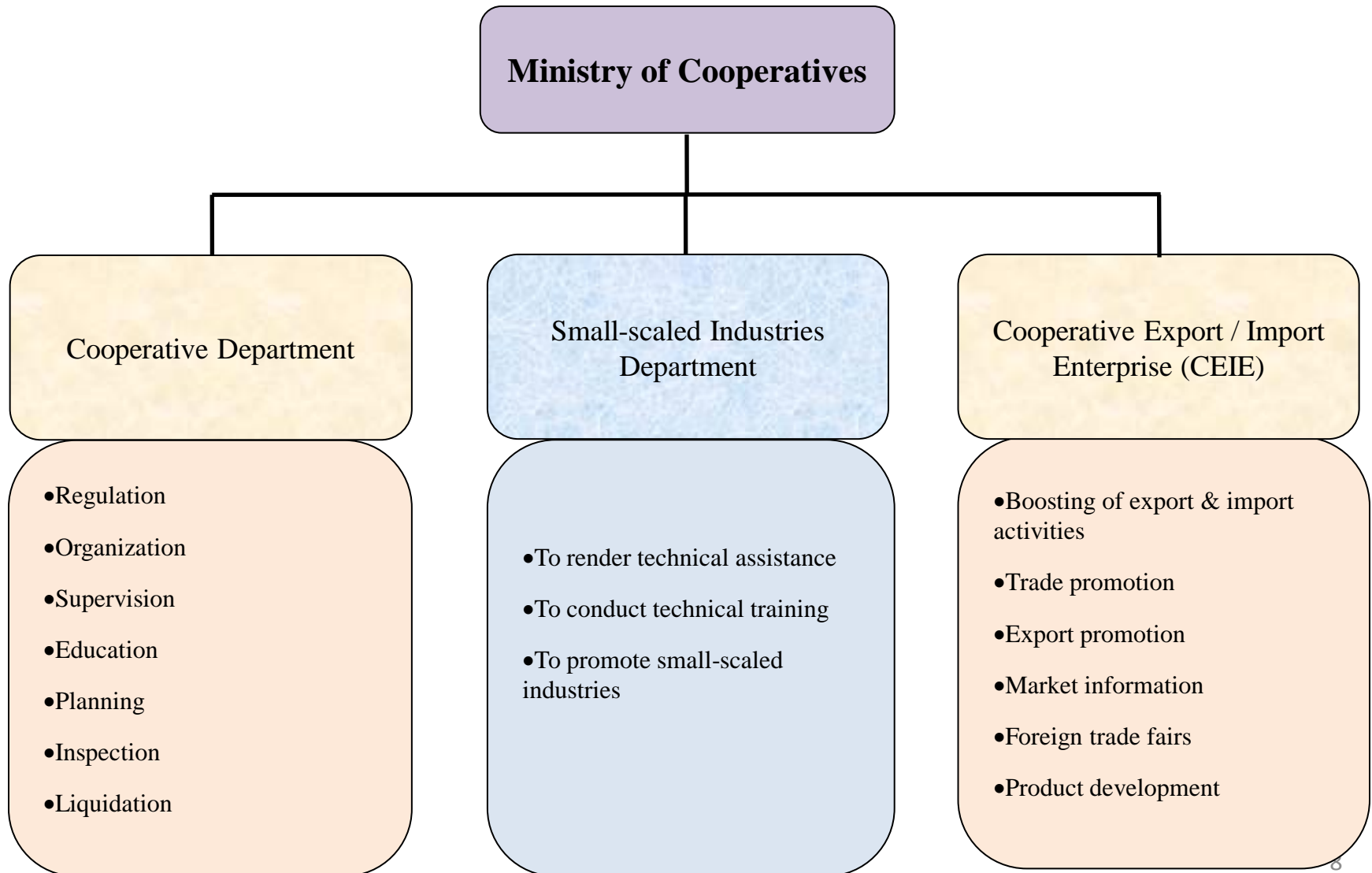
Brief History of Cooperatives

- 1st cooperative: Agri credit societies ~ saving and credit service to farmers
- Founded in Dec 1904 in Pyin Oo Lwin
- Registered in Jan 1905 under Cooperative Credit Societies Act of 1904 ; the model is the Indian Coop Act 1904 (FAO)
- Later, registered under the Act of 1919
- a new Cooperative Act of 1927 was in effect for 30 yrs, but replaced later by the Act of 1956
- Replaced again by a cooperative law of 1970
- The Coop Act of 1992 ~ restoring cooperative autonomy in Myanmar _the law for all types of cooperative
- (http://www.blc-burma.org/html/myanmar%20law/lr_e_ml92_09.html)

Ministry of Cooperatives (MoC)

- 1st formed on 5th April, 1951
 - as the Ministry of State Cooperative and Commodity Distribution
- On 26th March, 1962,
 - became the Ministry of Civil Supply and Cooperatives (merged with the Ministry of Civil Supply Services)
- On 18th June 1965,
 - established as a separate **Ministry of Cooperatives**
- lay down policies towards national economic development through undertaking businesses by like-minded persons collectively, and for promoting socio-economic activities under cooperative principles

Organizational Structure of the Ministry of Cooperative (MoC)



Vision, Mission and Responsibilities of MoC

Vision

- A developed national economic and social affairs that safeguard the cooperative identity

Mission

- to abide by the cooperative values, ethics and principles
- to strive and apply modern knowledge, technical knowhow and advanced technology in cooperative societies
- to participate in building a modern and developed nation by effectively implementing cooperative endeavour

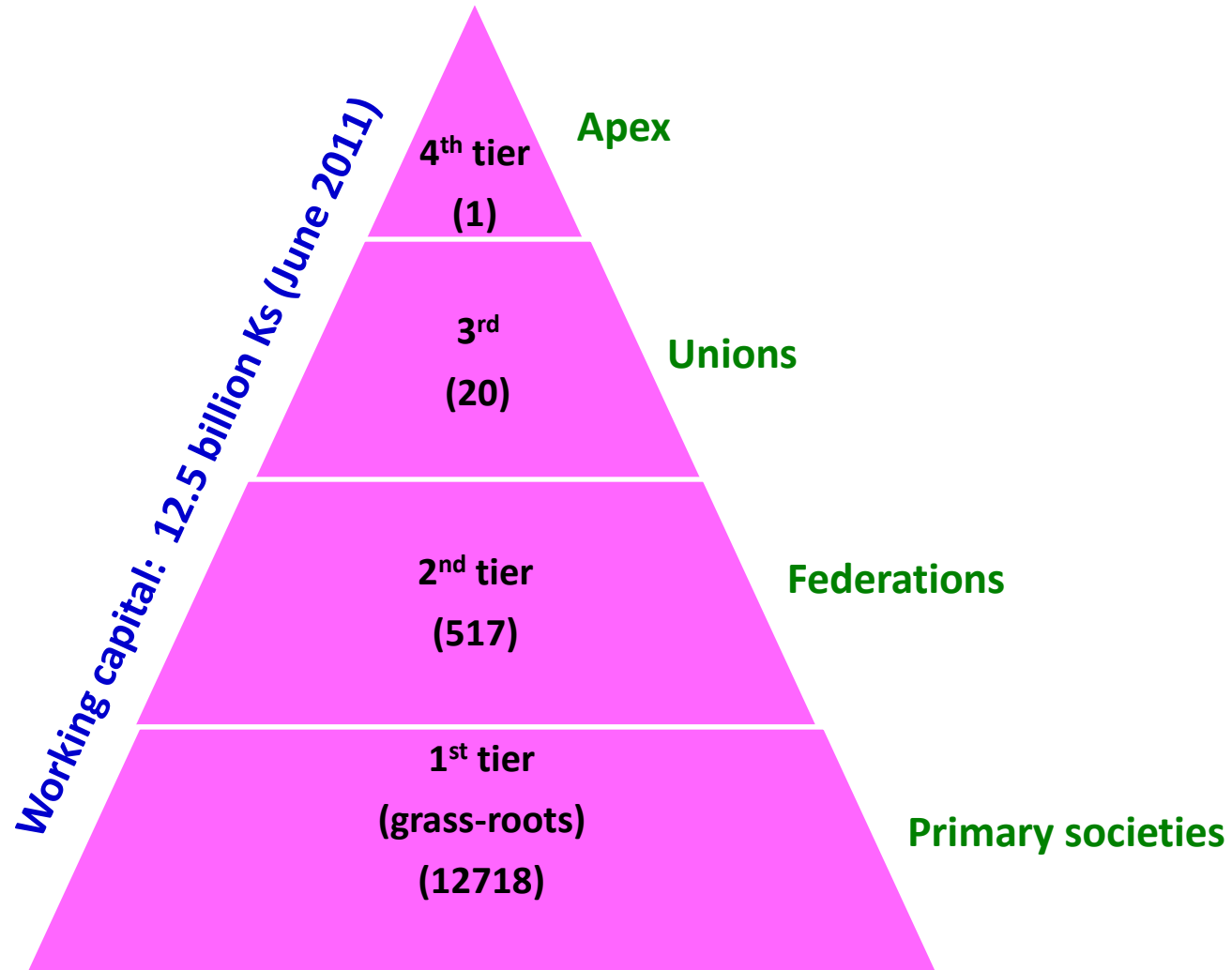
Responsibilities

- to safeguard the constituents of the Cooperative Law.
- to enhance the development of cooperative within the country.
- to disseminate cooperative spirit, principles and knowledge among the people.
- to cooperate with international organizations for the development of cooperative socio-economic activities.

Myanmar cooperative movement

- Supervised by the Ministry of Cooperatives
- Presently operating in all sectors of the economy:
 - ▶ Production: agriculture, livestock and fishery, forestry, mining and industry
 - ▶ Services: savings & credit; health care; rural development services _ transportation, water supply & electric power supply project
 - ▶ Trade: cooperative trading business, both domestically and internationally
- Organized in four tier system
 - ▶ CCS ~ the apex of coop movement; member of ICA
 - ▶ amalgamations of cooperative unions, cooperative federations and primary societies (at least 10 members)

Tier system of Myanmar Cooperative Movement

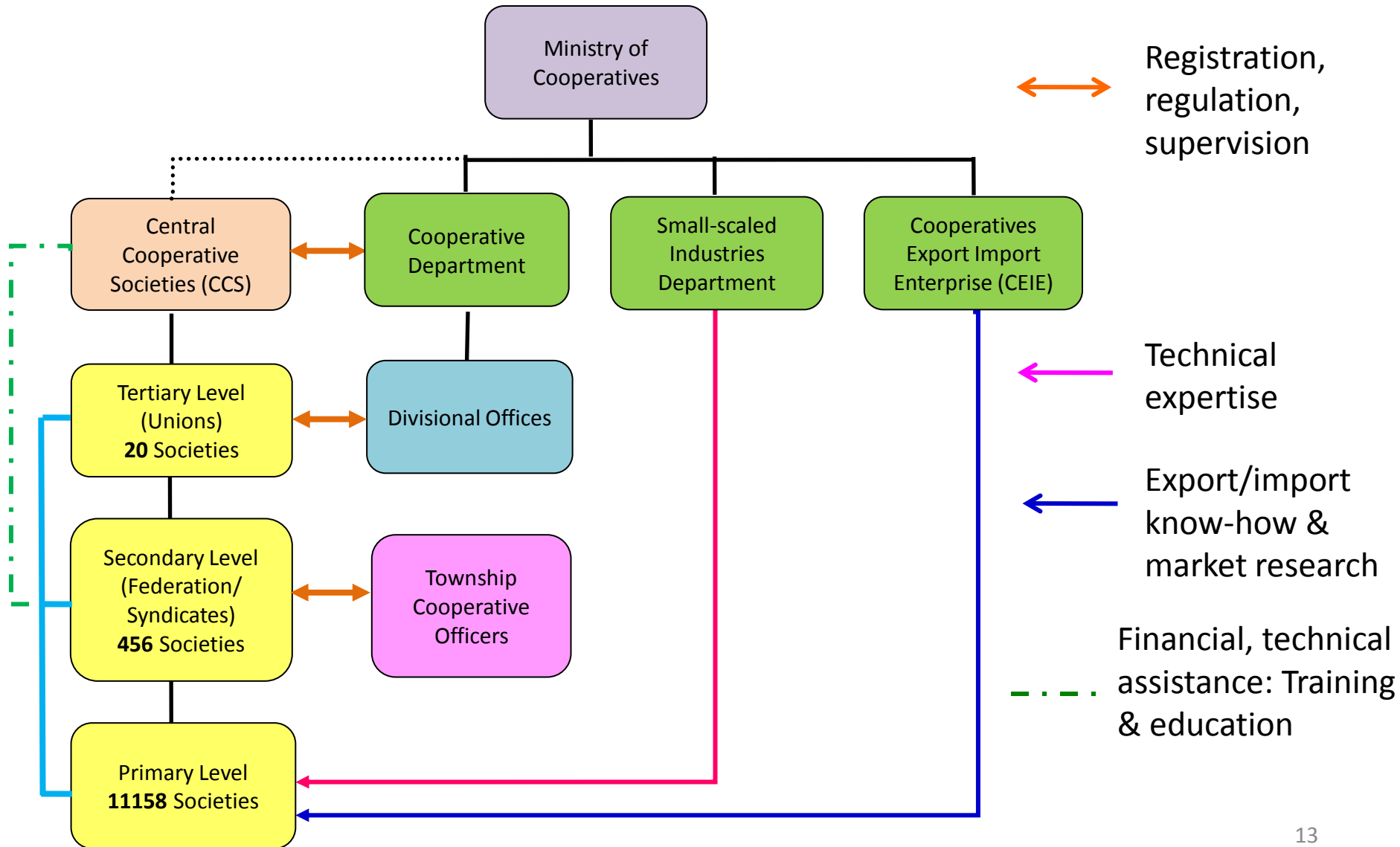


Major types of Cooperative Societies (source: CSS)

Type	Primary	Secondary	Tertiary	Apex	Total
Agriculture	2721	130	1		2852
Industrial	522	8	1		531
Savings and Credit	1549	66	1		1616
Women Cooperatives	30	1			31
Microcredit Cooperatives	52	-	-		-
GEC (Ed.)	361	27	1		389
GEC	68	12	1		81
Consumers (General Trading & Marketing Coops.)	2249	299	15		2563
Multipurpose (rural)	5212	-	-		5212
CCS				1	1
Total	12718	543	20	1	13282

Organizational Structure of Myanmar Cooperatives

source: CCS



Economic Activities of Cooperatives: Production

Agriculture

- 2007-08 fiscal year
 - **16164** agricultural cooperative societies
 - total sown acreage: 1.8 million ac
 - total output value: 158256 kyats in million
- 2011-12
 - **4348** agri-coop societies
 - sown acreage : 0.7 ha in million
 - total output value: 51752.6 kyats in million
- Soe Agricultural Producers' Co-operative
- Phyu Lungwe Areman Agricultural Producers' Co-operative

Livestock and Fishery

- 2007-08
 - **1259** L & F coop societies
 - total prod value: 19078 million kyats
 - **Anawardevi** coop society
 - **Sea Wolf** coop society export marine products to Singapore and Middle East
- 2011-12
 - () L & F coop societies
 - 15773.65 million kyats
 - **Anawardevi** Sea Fishing and General coop society

Economic Activities of Cooperatives: Production (contd.)

Forestry

- Various forest products are produced by the cooperatives
 - bamboo, nipa palm, thatch, mangrove cane, wicker, honey, bat guano, medicinal herbs, marsh date palm, cutch, nipa palm juice, cassia bark and cinnamon bark.

Mining

- **52** industrial cooperatives
- *Khitthit Myanmar* mining coop society Ltd.
- tin-tungstemtre alloy exported through No. 2 Mining Enterprise.
- earned US\$ 224,489 in 1997-2000.

Economic Activities of Cooperatives: Production (contd.)

Industry

- 2007-2008
 - **551** Industrial coop
 - Value of industrial raw materials: 51 million kyats
- 2011-2012
 - **587** Industrial coop
 - 30,095.6 million kyats
- *Myanmar Inventor Co-operative* Society produce electric power by using rice husk consuming generators.
- *Mandalay GEC sugar mill* can produce 7.4 tons of sugar per day.

Economic Activities of Cooperatives: Services

Saving and Credit Coop

2012

- **1190** credit coop
- *village coop* societies are formed to support low income households and disbursed loans to the members
- *bazaar coop* societies
- *Microfinance groups*
- financial activities cooperate with the Cooperative Bank Ltd, Cooperative Promoters Bank Ltd, and Cooperative Farmers Bank Ltd

Coop Health Care Services

2011-12

- **143** coop societies
- **2** hospitals
- **146** general clinics
- **13** indigenous clinics
- **193** doctors and **147** nurses
- *Mandalay GEC* hospital,
- *Aung Myanmar* health care coop society
- *Lokapala* special clinic

Economic Activities of Cooperatives: Services (contd.)

Coop Rural Development Services

- Water supply in rural areas
- **275** societies
- 285 artesian wells
- 70 townships
- *Yaungnioo Cooperative*
- Electric power supply
- **190** societies
- 190 villages in 130 townships
- generating 1.5 lakh kilowatt
- *Thanlwinoo Coop* electric power supply project
- *Nyaung Oo Man Transportation Coop*

Women Development Cooperatives

- Improve their living standards
- Generate income for the members.
- Providing technical training assistance such as knitting, sewing and other handiwork to women.
- Children day care centres are opened by women cooperatives.

Economic Activities of Cooperatives: Services (contd.)

source: MOC

Export Performance (2010-11)

Item	MT	mil USD
Pulses	33624.85	31.97
Sesame Seed	2104.00	2.92
Shallot	0	0.00
Turmeric Finger	46.50	0.06
Yellow Maize	8633.56	2.07
Rubber	382.00	0.98
Tamarind	720.00	0.23
Marine Product	8951.58	9.21
Jaggery Product	72.10	0.02
Ginger	26.00	0.02
Rice	0.00	0.00
Total	54560.59	47.48

Import Performance (2010-11)

Item	MT	mil USD
Raw Material For Industry	38405	23.39
Transportation Goods	6559	6.79
Machine	34105	4.56
Construction Materials	50980	29.28
Electronic Goods	9728	3.14
Fertilizer	500	0.06
Diesel	353	0.04
Personal Goods		15.07
Total		82.34

Economic Activities of Cooperatives: Trade

- Major exports:
 - 🌾 agriculture products (pulses and beans, maize & oil cake)
 - 🐟 marine products (fresh and sea water fish, prawns)
 - 🌲 forest products (hardwood wooden ware, rattan and rattan products, rubber, honey)
 - 🎨 handicraft (tapestry, puppets, lacquer ware, wood carving and musical instruments)
- Trade fairs & Market festivals

Cooperative Export



Green Mung Beans



Onion



Black Sesame Seeds



Yellow Maize



Tamarind



Fish



Rubber



Cooperative Imports



Human Resource Development

- Education

- ✚ *Cooperative University (Thanlyin & Sagaing)*

- ✚ confer B.B.Sc (Bachelor of Business Science)

- ✚ qualified graduates can continue master course in the Yangon Economic University in M. Economics, M. Commerce, M.Accountancy degrees

- *Cooperative College (Mandalay & Phaunggyi)*

- ✚ award Diplomas after completion of two year courses

- ✚ the graduates can continue their Degree in Cooperative Universities, Economic Universities, University of Distance Education

- Training

- ➡ Established several training institutions

- ➡ BODs of societies, cooperative management staff, micro-credit loan officers by CCS

Credit Cooperative Movement

- First cooperative movement in Myanmar since 1905 esp. in Agriculture
- **2,058** Primary Credit Coop: ~ **400,000** members of public staff in 2007 with share the capital of **8,500** million kyats
- In each level of movement, commercial activities are conducted such as trading, service provision and inter-lending.
- Services are primarily offered to its owners, but working with other parts of the movement
- The Cooperative Bank (CB bank) is founded under the commercial banking legislation, and is owned by the cooperative societies and private shareholders.
- **15** branches of CB bank offer normal commercial saving and loan products, lend with collateral, both to the cooperative movement and other customers and focus on larger, commercial operations.

Credit Cooperative Movement

- 1) Department Credit Cooperatives
 - ✓ 1,840 Department Credit Coop
 - ✓ 50-500 members : 85 % middle-level gov't officials
- 2) Bazaar Credit Cooperatives
 - ⊕ 184 Bazaar Credit Coop
 - ⊕ 100 – 500 members : only traders in a particular bazaar
 - ⊕ serve both other local businesses & non-members
 - ⊕ Lending is allowed for business expansion
 - ⊕ consumer loans and education loans are offered.
 - ⊕ For poor traders, it provides 48,000 Kyat loans.
 - ⊕ Many Bazaar Societies are growing fast.

Credit Cooperative Movement

Issues and Opportunities facing Cooperatives

- *Limited inter-lending*
- *Negative real interest rates on deposits*
- *Limited out-reach*
- *Stagnation of membership and assets*
- *Lack of support for training and development*
- *Lack of standard system of operations and information technology hardware and software*

Options for development

- *More detailed study on cooperative movement*
- *Develop micro-finance system*
- *Develop comprehensive policy for credit cooperative development*
- *Increase activities in rural areas*
- *Provision of services to existing cooperatives*

Direction of Development


- In the cooperative law of 1970 under the Revolutionary Council, cooperatives were formed on territorial basis (FAO)
- They were closely controlled and monitored by the Gov't
- Became part of the socialist economy and lost their voluntary character
- But in 1992, a new Cooperative Act was passed along with the market-oriented economy by restoring cooperative autonomy in Myanmar
- Then the Gov't reduced its influence on operations of cooperatives

Summary

- Myanmar cooperative has a long history and is led by the Ministry of Cooperatives
- Moving towards building the welfare of the society in cooperation with the Central Cooperative Society Limited (CSS)
- Carrying out its economic & educational activities with its momentum
- ▶ • Internationally connected with such organizations as ICA, ACEDAC, ACCU and CUFA.
- Growing fast under the market-oriented economy
- Lot of challenges being encountered for development, in spite of the recent opportunities and achievements of cooperatives in Myanmar

Conclusion

- Systematic development of cooperatives in agricultural is still needed
- Should be promoted by encouraging private sectors, domestically and internationally, to extend business in the form of joint-venture
- Improved knowledge and apply advanced technology in cooperative societies
- Expand cooperation with international organizations for the development of socio-economic activities of cooperatives
- Finally, promote the economic, social and cultural needs of members through cooperative societies



Thank you !

INLE LAKE, SHAN STATE, MYANMAR