

MAPPING: KEY FIGURES

NATIONAL REPORT: PNG

ICA-EU PARTNERSHIP

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Papua New Guinea (PNG)- Key Figures National Report

I. Introduction and context

This report is part of a global mapping exercise launched by the International Cooperative Alliance (ICA) and its regional offices within a partnership signed with the European Commission for the period 2016-2020, which aims to strengthen the cooperative movement and its capacity to promote international development. Other research projects include a worldwide legal frameworks analysis, and several thematic researches on themes of significance for cooperatives.

Responding to challenges and existing knowledge gaps facing the cooperative movement, this research provides exhaustive information on cooperatives worldwide. This has been achieved by collecting the input of ICA members through an online questionnaire, and completing it with relevant national statistics, in order to obtain an accurate picture of the national situation. Mapping out cooperatives in each country provides a more precise picture of the cooperative context at national and regional levels, enhances the movement's visibility, networking, partnerships opportunities, as well as advocacy, and empowers cooperators by providing them tools for positive change.

Within this framework, the present report showcases information about the cooperative landscape in Papua New Guinea, hereafter referred to as PNG.

i. Historical background

Cooperatives were introduced in PNG by the Australian colonial government after World War II. The intent was to mobilise landowners to participate in agriculture cooperatives, stimulate the economy with cooperative retail stores, and to monitor any political resistance. Cooperatives, for the most part of their history in PNG, have struggled to remain financially viable. New laws enacted in the 1980s have helped revive cooperatives and in turn drive social and economic development in rural areas. Financial and administrative support is available to cooperatives in the form of support grants and funds, as well as training programmes by Office of the Cooperative Societies of Papua New Guinea (OCS-PNG).

The cooperative movement in PNG started in 1947 when the Australian administration introduced the Native Societies Ordinance. They established a Cooperative Section within the Department of District Services and Native Affairs to assist and encourage the indigenous people to form cooperatives. They wanted the landowners to undertake cooperative farming activities to improve their income and also to prevent any future uprising as a fallout of World War II. The initial cooperatives, established through the 1950s, were mostly rural consumer cooperative stores that

later diversified to multipurpose societies marketing coffee, cocoa and copra. In 1951, primary societies formed district associations and in 1956, the National Federation of Co-operative Associations. The cooperative movement spread and increased manifold with the government's support. The numbers went up from 98 cooperatives with 8,556 members in 1950 to 316 cooperatives with 109,175 members by 1958. A cooperative education centre was established in the early 1960s and the government allocated more resources to promote the movement for the socio-economic development of the indigenous populace. The government started promoting SLS in 1961 with the first law being enacted in 1962. Registered societies operated under the control of the Registry of Savings and Loan Societies (SLS). The name of the cooperative legislation was changed to the Cooperative Societies Ordinance in 1965. The SLS movement had spread to nearly every province - leading to the formation of PNG Federation of SLS (FESALOS) in 1966 to promote cooperation among societies. However, by the end of the 1960s, there were signs of the cooperative movement slowing down as several primary societies returned losses for the third consecutive year while the larger cooperative unions faced financial difficulties.

In 1970, the Laloki Cooperative College was established to expand the cooperative movement, with support from the UN Development Programme. The Division of Cooperative Extension was set up within the new Department of Trade and Industry. A 1971 committee of enquiry, established by the Australian House of Assembly to look at cooperatives in PNG, found that the movement was collapsing. Some of the reasons were mismanagement of funds, incompetence of managers and directors, and disillusioned members as cooperatives failed to meet the financial returns they had promised. FESALOS took over all administrative responsibilities from the Reserve Bank in 1972. They started restructuring the operations of the SLS movement by disbanding the regional leagues and clubbing together smaller SLS in rural areas. Post-independence in 1975, the movement plunged as the newly independent government took drastic measures to abolish the cooperatives instead of reforming the sector. They repealed the 1965 Ordinance and replaced it with the Companies Act or the Business Group Act to promote incorporated business groups for engaging ordinary people in economic activities. Regulatory functions of SLS were placed under the new Central Bank of PNG that lacked capacity. This saw the liquidation of many societies. In the 1980s, there was renewed interest in cooperatives as then-Prime Minister Julius Chan and Governor-General John Guise were ardent supporters of the movement. This led to the enactment of the Cooperative Society Act 1982. The Cooperative Registry was abolished in 1991 and cooperatives fell under the purview of the Department of Business Development. All cooperatives were de-registered and underwent liquidation. FESALOS also had administrative mismanagement problems. A 1994 World Council of Credit Unions (WOCCU) statement said there was no information available on the status of SLS in the country. The Department of Trade and Industry floated an idea in 1995 to revive cooperatives to drive the small and medium enterprises initiative. Lack of funds, interest and continued apathy saw no action being taken.

In 2000, the government made an attempt to revitalise cooperative development to empower people economically and then use the societies to promote the development of rural areas. They took action by establishing OCS-PNG within the Ministry of Trade and Industry and headed by the Registrar of Cooperatives. The OCS-PNG received a budgetary allocation of US\$ 344,022 (PGK 400,000) annually for five years to establish operations. The movement caught steam and in a 2004 report, the government identified cooperatives as the best vehicle to implement its 'rural development, people's empowerment and poverty eradication' strategy. Regional Cooperative Centres were set up in four regions by OCS-PNG in 2009. Bank of PNG (BPNG) conducted a prudential review of FESALOS in 2010 to evaluate its system and was satisfied with the process. It was evident that the 1995 SLS Act was getting outdated, so FESALOS and BPNG supported a new regulatory framework in 2015 which was in line with other BPNG institutions. When Prime Minister Jame Marape came to office in 2019, he urged the people to "take back PNG through agriculture." One of the ways this was interpreted was by launching and promoting agricultural cooperatives. OCS-PNG also started working on a policy to amend the current cooperative laws.

ii. Public national statistics

For a more comprehensive picture of the cooperative movement in PNG, the present section provides key data from the country's public registers as a useful background context to the ICA members' data showcased in Section II of the report.

The data presented here stems mostly from OCS-PNG.

NUMBER OF COOPERATIVES:

In 2018, there were 6,000 cooperatives. In addition to this, there were 21 SLSs.

COOPERATIVE MEMBERSHIP:

In 2018, there were 319,412 members in 6,000 cooperatives.

PRODUCTION VALUE:

In 2018, the total revenue generated by cooperatives was EUR 2,480,239 (PGK 10 million).¹

¹ This amount was calculated based on the annual average rate (for the year 2018) between the two currencies, using the currency converter InforEuro: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro

iii. Research methodology

The aim of the mapping research is to collect and make publicly available reliable and up-to-date data to understand what the cooperative movement represents in the targeted country. With this view, the data detailed in the present report has been collected using the methodology detailed below.

The methodological tools include a questionnaire used to collect the data, which was distributed online to the members, as well as a methodological note provided for further guidance. They were built jointly with all ICA regional offices with the support of external experts from the European Research Institute on Cooperative and Social Enterprises (Euricse) and are applied in a harmonised way in all the target countries.

The classifications used in the research are consistent with the internal system used within the ICA movement (e.g. on membership status and types of cooperative organisations) and with standards increasingly adopted in recent studies and by international organisations like the ILO – e.g. using international classifications of economic activities such as the International Standard Industrial Classification (ISIC) rev. 4, which ensures the comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Regarding the target organisations, considering that a worldwide survey has very challenging goals, and while the value of directly collecting data from non-member cooperatives must be recognised, the present Mapping exercise targets cooperative organisations members of the ICA.

Furthermore, in order to complete the ICA members' data, the decision was taken to also look at external sources, to provide additional and more exhaustive cooperative statistics for the country. As a result, the data is collected following two strategies contemporaneously: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

In PNG, the Mapping questionnaire was distributed to, and completed by one ICA member organisation in the country. After some additional follow-up and clarifications from the member, the figures provided were compiled to be presented in the next section.

II. Key figures

This section presents the results of the data collection directed by the ICA members.

PNG has one ICA member organisation:

Office of the Cooperative Societies of Papua New Guinea (OCS-PNG)

OCS-PNG: Established in 2000, OCS-PNG is a division under the Department of Commerce and Industry and regulatory apex for cooperatives in PNG. It became a member of ICA in 2015.

i. ICA member data

The data collected was provided by OCS-PNG for the year 2018. While a significant portion of the questionnaire was completed, data could not be provided for the following variables:

- Data on employees in cooperatives
- Gender-disaggregated data for membership and employment in cooperatives
- Proportion of youth membership and employment in cooperatives
- Sector-wise data of membership and employment in cooperatives

ii. General overview

The present section provides an overview of the ICA membership data for OCS-PNG. It is displayed in several categories and with the support of graphs, for clarity purposes.

Category	Total (as of 2018)
Number of cooperatives represented	6,000
Number of memberships in cooperatives represented	319,412

Table 1: Cooperative statistics received from OCS-PNG (2018)

iii. Sector overview

The sectors used below correspond to the categories used in the ISIC rev. 4. to classify the economic activities carried out by the organisations concerned.

OCS-PNG represents cooperatives in the following sectors:

Sector	Agriculture and food (Agriculture, fisheries and livestock)	Others
Number of cooperatives	5,520	480

Table 2: Cooperative statistics received from OCS-PNG (2018)

III. Graphs

i. Number of cooperatives per sector

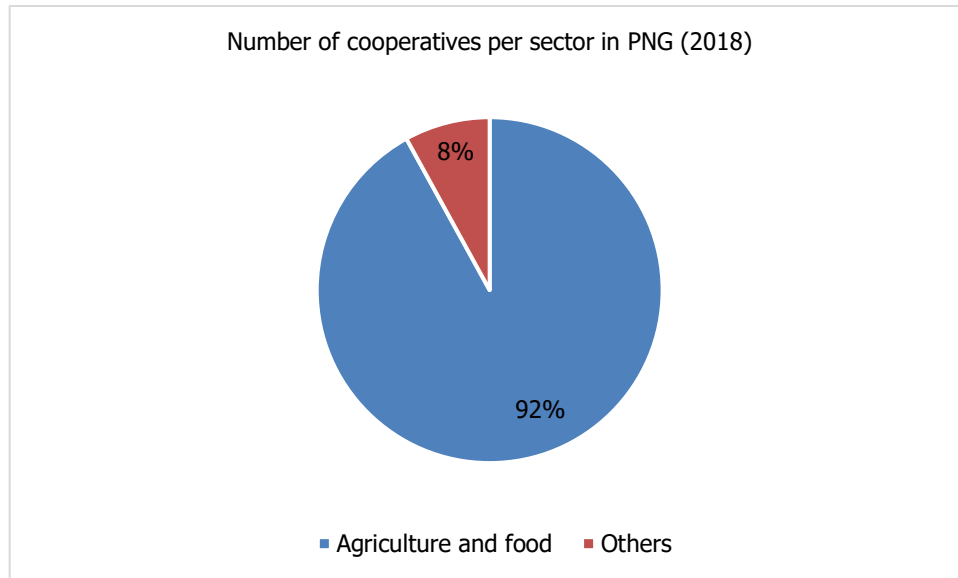


Figure 1: Number of cooperatives per sector in PNG (2018)

IV. Annexes

Sources and contacts are listed below.

Sources

1. ICA-AP (2020). [PNG country snapshot](#)

Contacts

Further details on the Mapping research and other country reports are available on www.coops4dev.coop

The production of this report was overseen by staff from ICA-AP Office. For any further information or clarification, please contact mappingresearch@ica.coop

Updated: July, 2020