



COOPERATIVES IN VANUATU

Women receive training on managing a cooperative business in Malekula, Malampa Province. Image: Vanuatu Cooperative Movement

Contribution of cooperatives to Vanuatu's economy

- 314 - active cooperatives in 2020.
- 13,922 - members in cooperatives (4.75% of Vanuatu's population).
- 439 - employees in cooperatives.
- Around 20% employees in cooperatives are women.
- US\$ 4,637,117 (VT 541,846,534)* revenue generated (*216 audited cooperative societies)

(Figures as of 2018)

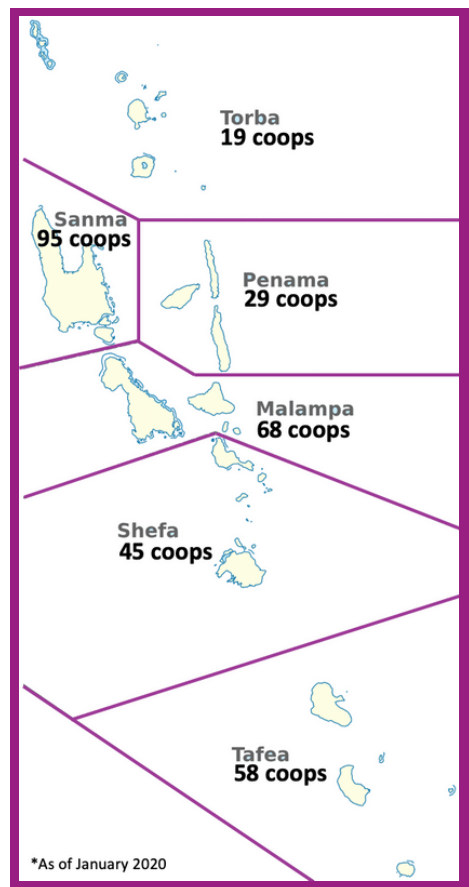
Did you know?

- The cooperative movement in Vanuatu began in 1962.
- The Vanuatu Cooperative Federation (VCF), the erstwhile apex body for cooperatives, was revived and renamed the Vanuatu Cooperative Business Network (VCBN) in 2018.
- 80% of the members of savings and loans cooperatives are women.
- ICA has one member from Vanuatu. The Office of Registrar of Cooperatives and Business Development Services (ORCBDS) became a member in 2015.

The cooperative movement goes back to the 1960s when Vanuatu was still called New Hebrides. During this time, cooperatives were given monopoly over the import of certain commodities. Following independence in 1980, cooperatives remained active in many islands, but there was progressive weakening due to withdrawal of government support and increased competition from private players. In recent years, there has been an increase in the number of cooperatives with large membership bases who are able to survive in the current business environment. The government is now looking to stabilise smaller cooperatives by helping them to diversify while pushing for more producer and fishing cooperatives.

Geographical presence of cooperatives in Vanuatu

Cooperatives in Vanuatu are present across all provinces.



Types of cooperatives in Vanuatu

Cooperatives in Vanuatu are present in the following sectors:

47%	Savings and Loans
41%	Retail
6%	Producers
4%	Fisheries
1%	Transport
1%	Others

Evolution of the cooperative movement

→ 1930 - 1969

- In 1939, a group of Melanesian farmers started a copra production and marketing cooperative in the province of Malekula. During the French and British colonial period, the term "native cooperatives" was used as membership was restricted to the indigenous people.
- Beginning in 1951, joint regulations were issued with both colonial jurisdictions in consensus, for governing cooperatives. The cooperatives were given monopoly over the import of commodities such as rice and sugar.
- The modern cooperative movement began with the passage of the 1962 joint regulation. The New Hebrides Cooperative Department provided services related to basic accounting and management training for cooperators. Most cooperatives were marketing local produce such as copra, coffee, cocoa and retailing some consumer goods.
- In the late 1960s, the first cooperative transport societies and a cooperative shipping business were established.

→ 1970 - 1990

- In 1973 two apex cooperative organisations were established, the New Hebrides Cooperative Foundation (NHCF) for the English-administered, and the Syndicat des Coopératives Autochtones sous Contrôle Français (SCAF) for the French-administered areas. Many local copra producers formed cooperatives to wrest control of the trade from the colonists. NHCF became one of the most powerful and successful rural business empires.
- By 1979, the cooperative movement was going strong with 287 societies and members accounting for 80% of the nationwide household heads.
- Post-independence, in 1981, NHCF changed its name to VCF, while the SCAF was liquidated when the French withdrew. The VCF struggled with the lack of finance, absence of trained staff and mismanagement. By 1986, it had stopped importing goods at wholesale prices and instead arranged for private wholesale markets.
- The post of the Registrar was set up in 1986.
- In 1989, the Vanuatu Cooperative Savings Bank was restructured, due to financial and management difficulties, into the National Commercial and Trading Bank. It was later renamed the National Bank of Vanuatu.

→ 1990 - Present

- During the 1990s, nearly all of Vanuatu's cooperative societies were wholesale and retail consumer cooperatives. Many primary and secondary level cooperatives continued to fail.
- In 1998, the Cooperatives Department, which used to be a part of the Ministry of Finance and Economy, was transferred to the Ministry of Trade. In 1999, the VCF finally closed.
- In 2001, the Cooperatives Department established a fund to offer loans and business trainings to small productive cooperatives.
- Interest in cooperatives renewed in 2008 when the government decided to stem urban migration by creating more employment opportunities in rural communities. This saw the establishment of the Department of Cooperative and Ni-Vanuatu Business Development Service. In 2013, both these organisations merged with the Cooperative Registrar to form the ORCBDS.
- In 2014, the ORCBDS recorded a 0.9% average growth rate of active cooperative societies. They also deregistered 357 cooperatives that were inactive/unsustainable.
- The VCF was revived and renamed VCBN in 2018. It was designated as the national apex for cooperatives to develop, promote and strengthen the cooperative movement.
- In 2020, the VCBN signed an MoU with the Vanuatu National Provident Fund (VNPF) to establish a fruit canning facility in Santo where agricultural cooperatives will sell their produce. The dividends will be paid back to each participant.

Law on Cooperatives

- **1951:** The French and British administrators passed the Joint New Hebrides Native Cooperatives Societies or Company Regulation No.9. The two-page document allowed their district agents to monitor cooperatives.
- **1962:** The Native Cooperative Joint Regulation No. 11 of 1962 was the first detailed government regulation addressing the operation of cooperatives. The 1975 amendment removed the term "native" and a 1981 order changed the name of the New Hebridean Cooperative Federation Ltd to VCF.
- **1982:** The Cooperative Societies Act [CAP 152] (COSO Act), enforced in 1987, made provisions for the formation, registration and regulation of cooperatives.
- **2011:** An amendment to the COSO Act introduced the Department of Cooperative and Ni-Vanuatu Business Development Services' director who would also serve as the Registrar of Cooperative Societies. A later amendment granted the Registrar rights such as performing on-site inspections of a cooperative's business premises.

Key highlights of the COSO Act:

- Cooperatives need to consist of at least seven members.
- All societies to have the words 'Cooperative' in their name and 'Limited' at the end.
- Establishes a Statutory Reserve Fund with deposits of one-fourth of annual net profits. The fund is to be used at the time of liquidation to cover the liabilities of the cooperative.
- Members cannot hold more than one-fifth of the cooperatives share capital.
- School cooperatives can register only after the written consent and consultation with the Ministry of Education.
- Provides for cooperatives to be on probation for two years until they meet all the requirements for registration.
- Registrar to audit every society at least once every year.

Cooperative landscape of Vanuatu

The ORCBDS and VCBN are actively involved in implementing the development objectives outlined in 'Vanuatu 2030: The People's Plan (National Sustainable Development Plan 2016 to 2030)' guidelines. They are working together with cooperatives and their members to achieve key indicators outlined in the 15-point-plan under the three pillars of society, environment and economy. The pillars articulate goals meant to advance the country's economic and social development while maintaining its cultural identity.

Promoting industry and innovation (SDG 9): Naniu Cooperative Society Ltd. (NCS)

When Cyclone Pam struck in 2015, NCS's infrastructure was badly damaged. After they rebuilt, the cooperative was facing a new problem - bankruptcy. In 2017, they only had US\$ 84 (VT 10,000) in hand and the committee decided to take out a loan of US\$ 420 (VT 50,000). With the added injection of funds, they adopted the motto "grow organic, eat local, think trade" to develop their own value-added products. They started making bead necklaces and textiles for sale. In 2019, they launched their own coconut soap, oil and body lotion. The cooperative's infrastructure is also shared by a women's group which sews together and teaches others this skill as an income generation activity.



NCS members display their coconut-based items.
Image credit: ORCBDS

Providing decent work and economic growth (SDG 8): Torba Handicraft Cooperative (THC)

Established in 2018 as a producer-owned cooperative, the THC promotes the sale of quality, sustainably produced carvings, jewellery and woven goods. It has 26 weavers from Vetemboso, of whom 16 are women. The members are first trained on how to set up and run a cooperative business. The THC developed with a monetary contribution from the provincial government and full support of the Torba Skills Centre. The cooperative functions as a market hub that sells the products, while also providing financial literacy and skills to the artisans to improve their craft. In just a year, production in weaving increased by 94%, carving by 56% and jewellery by 67%.



THC members and handicraft producers.
Image credits: THC



Image credits: Tanna Island Coffee Project



Image credits: No Label Coffee



Image credits: Vanuatu Coffee Roasters

Promoting responsible production (SDG 12): INIK Cooperative (INIK)

With 30 acres spread among 10 chiefs and their villages, Tanna's smallholder coffee growers formed a central mill, INIK. It is committed to Fairtrade and has helped create valuable market opportunities for coffee exports by cutting out the middleman. The cooperative processes its own dried green beans (Arusha and Dwarf Catimor varieties) and sells it for the best price. The farmers also have sustainable agricultural practices where they don't irrigate, use fertilisers, pesticides, herbicides, animal manure or compost. The crop is totally dependent on South Pacific rains and the perpetual ash coming down from Mount Yasur which replenishes the soil. The coffee sales have helped the island's people to maintain independence by preventing their exodus to other countries in search of a better lifestyle. Improved incomes also mean better equipment, training, and improved infrastructure.



- The French government facilitated and funded the formation of an apex marketing cooperative, the Vanuatu Organic Cocoa Growers Association (VOCGA) in 2000 to supply certified organic dry cocoa beans.
- The Cooperative Development Fund was established in 2001 with a US\$ 1.35 million (VT 120 million) grant from the Chinese government.
- In 2008, United Nations Development Programme launched the Vanuatu Trade Integration and Capacity Building project wherein people received training on establishing savings and loans cooperatives.
- In 2015, Cyclone Pam struck Vanuatu and destroyed over 12% of the cooperative societies. ICA and its members stepped in to provide monetary support.
- In 2015, ORCBDS started two projects in 12 different places with the FAO and UNDP to establish, promote and build the capacity of cooperatives. A Management Information System, which includes a database of cooperatives and online training resources, is being developed with the help of Japan International Cooperation Agency.
- In 2019, the VCBN established a joint initiative with government agencies and the Chinese embassy to implement a program to target youth entrepreneurship and to empower the rural economy.

Engagement with ICA-AP

- In 2016, ORCBDS participated in a Workshop on Cooperative to Cooperative Trade and the Melanesia Spearhead Group (MSG) Cooperative Development meeting.
- Mr. Joe Natuman, Deputy Prime Minister of Vanuatu and the Minister for Trade, Tourism, Industry and Cooperatives, attended the 10th Asia Pacific Cooperative Ministers' Conference (APCMC) in 2017 where he presented the country statement.
- The Forum on Development of Cooperatives in Pacific Islands was hosted in collaboration with the ORCBDS and the Government of the Republic of Vanuatu in Port Vila in 2018.
- To mark the 2018 International Day of Cooperatives, Vanuatu held a special edition of Coop Mic where Prime Minister Charlot S. Tabimasmas and Deputy Prime Minister Bob Loughman were present.

What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

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About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 108 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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