



COOPERATIVES IN PAPUA NEW GUINEA (PNG)

Members of AAK (Apo, Angre and Kange) Cooperative during a technical training session on coffee Value chain

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Contribution of cooperatives to PNG's economy

- 12,000 cooperatives in PNG
- 1.2 million members in cooperatives
- 200,000 individuals are employed with cooperatives
- Combined revenue generated by cooperatives \$7.9 million
- 18 Savings and Loan Societies (SLS).
- 300,000 members in SLS.
- Value of Assets held by SLS is \$150.03 million

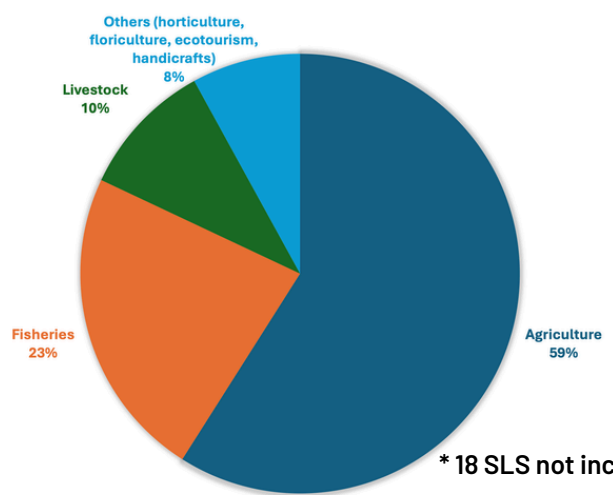
Source: Office of Cooperative Societies (OCS-PNG), 2025 and Bank of PNG (BPNG), 2024.

The cooperative movement in PNG

The cooperative movement in PNG has grown into one of the most diverse in the Pacific, spanning agriculture, fisheries, livestock, finance, handicrafts, and ecotourism. Cooperatives are increasingly recognised as practical vehicles for rural economic empowerment, financial inclusion, and community development. The government continues to expand the cooperative model, with OCS-PNG actively registering new societies and extending cooperative services to remote communities through partnerships with district development authorities and financial institutions.

Types of cooperatives

Cooperatives in PNG are present in the following sectors:

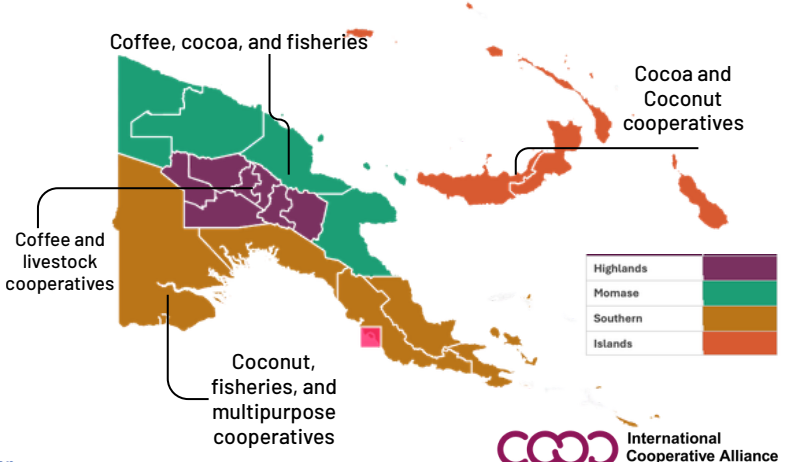


Did you know?

- Long before the introduction of modern cooperatives, PNG communities relied on the Wantok system, a longstanding tradition of mutual assistance, shared responsibility, and resource sharing.
- In 1947, the Australian colonial administration established a cooperative section within the Department of District Services and Native Affairs.
- The Office of the Cooperative Societies of Papua New Guinea (OCS-PNG), a division under the Department of Commerce and Industry (DCI), is the regulatory apex for cooperatives in PNG.
- SLS were developed under the aegis of the Reserve Bank of Australia in 1961, following a cooperative model similar to that of credit unions.
- The PNG Federation of SLS (FESALOS), the apex of all SLS, was established in 1966.
- The Governor of the BPNG is the Registrar of SLS.
- OCS-PNG joined the ICA as a member in 2015.

Geographical presence of cooperatives

Cooperatives are present across all four regions of PNG. The map below indicates the major cooperative sectors in each region.



Evolution of the cooperative movement

The cooperative movement in PNG has evolved over seven decades, from its colonial origins in 1947 through periods of growth, decline, and revival, to emerge today as one of the most promising drivers of socioeconomic development in the country.

→ 1961-1972

- The cooperative movement began in 1947 when the Australian administration introduced the Native Societies Ordinance. Landowners were encouraged to form cooperatives for farming activities and improve their income. It was also to prevent any future uprising as a fallout of World War II.
- Early cooperatives in the 1950s started as rural consumer stores. Over time, they diversified into multipurpose marketing societies trading in coffee, cocoa, and copra.
- In 1951, primary cooperative societies formed district associations. By 1956, these associations came together to establish the National Federation of Co-operative Associations.
- In the early 1960s, the government established a cooperative education centre and allocated more resources to promote cooperatives for the socio-economic development of local communities.
- The government began promoting the SLS model in 1961, with the first law enacted in 1962. Registered societies operated under the Registry of SLS.
- In 1965, the Native Societies Ordinance was renamed the Cooperative Societies Ordinance.
- By 1966, the SLS movement had spread to nearly every province. This led to the formation of the FESALOS to promote cooperation among societies.
- By the end of the 1960s, the cooperative movement began to slow down. Several primary societies recorded losses for three consecutive years, while larger cooperative unions also faced financial difficulties.

→ 1970-1999

- In 1970, the Laloki Cooperative College was established with support from the United Nations Development Programme (UNDP). The Division of Cooperative Extension was also set up within the Department of Trade and Industry.
- In 1971, a committee of inquiry found that the cooperative movement was collapsing due to mismanagement, weak leadership, and loss of member confidence.
- In 1972, FESALOS took over administrative responsibilities from the Reserve Bank and began restructuring the SLS movement by merging smaller societies in rural areas.
- After independence in 1975, the government chose to abolish cooperatives rather than reform them. Regulatory oversight of SLS was transferred to the new Central Bank of PNG. It was followed by liquidation of many SLS.
- In the 1980s, renewed government interest in cooperatives led to the enactment of the Cooperative Society Act 1982 and formally consolidated as the Co-operative Societies (Amended) Act 1985.
- The Cooperative Registry was abolished in 1991 and all cooperatives were deregistered and liquidated.

→ 2000-present

- In 2000, the government revitalized cooperative development by establishing OCS-PNG within the Ministry of Trade and Industry, headed by the Registrar of Cooperatives, with an annual budget of \$344,022 for five years.
- In 2003, the Co-operative Societies Regulation was enacted, providing standardized procedures and forms for the registration, governance, and naming of cooperative societies across PNG.
- In 2009, OCS-PNG established Regional Cooperative Centres across all four regions of PNG.
- In 2015, BPNG and FESALOS jointly developed and introduced the SLS Act 2015, modernizing the regulatory framework for the SLS.
- The Income Tax Act 2025 applies a 30% corporate tax rate to all resident companies in PNG. Cooperatives registered with OCS-PNG remain exempt, while Investment Promotion Authority (IPA) - registered business entities using the cooperative name and SLS incorporated under the Companies Act 1997 are subject to the new rate.
- In 2026, OCS-PNG launched the Ward-Based Cooperative Model in Ijivitari District, registering 51 cooperative societies across 18 council wards in a single initiative, the first of its kind in PNG.

Laws on cooperatives

Sector	Legislation	Highlights
Cooperatives	<p>Co-operative Societies Act (Amended) 1985 - Chapter 389</p> <p>Provides for the establishment, regulation and management of cooperative societies.</p>	<ul style="list-style-type: none"> • At least seven members, above the age of 18, needed to register a cooperative. • Name of the society to include the word 'Cooperative' and the last word as 'Limited' and follow the naming restrictions specified under the Companies Act 1997. • Registrar can appoint an adviser to assist a cooperative. • Provisions for a Statutory Reserve Fund, made of 20% of the cooperative's net surplus, to be invested in a manner approved by the Registrar. • A liquidator may apply provisions of this Act to windup a cooperative.
Savings and loan societies	<p>Savings and Loan Societies Act 2015</p> <p>Repeals the 1961 Act to create uniformity and modernise the regulatory framework for SLS.</p>	<ul style="list-style-type: none"> • BPNG to be the licensing and prudential authority of SLS to maintain their financial stability. • The board to have independent directors and make full disclosure of business connections by members of the board and the management. • SLS operated by unions can also accept members from the public. • SLS to be incorporated under the Companies Act and then to get licensed by the BPNG to operate as an SLS. • All SLS to become members of FESALOS.

Cooperative landscape of Papua New Guinea

PNG's cooperatives span agriculture, coffee, cocoa, fisheries, finance, and handicrafts, connecting remote communities to markets and finance. They support the national vision of growing the economy to \$48 billion and creating one million jobs by 2030, advancing food security, financial inclusion, gender equality, and climate-resilient growth in line with the 2030 Agenda.

Highlands Organic Agriculture Cooperative (HOAC), Eastern Highlands Province, PNG

HOAC is a coffee producer cooperative registered in 2003, based in the remote Okapa region of Eastern Highlands Province. It has nearly 3,000 members, including women who now serve as extension officers, across 32 village communities. It is the longest Fairtrade certified organisation in the Pacific, holding certification since 2005. Members grow Typica, Bourbon, and Arusha varieties of Arabica coffee at 1,300 to 1,750 metres altitude, with all exports handled through Coffee Connections Ltd.

Members invest the premiums earned through Fairtrade and organic certification in rural roads, school buildings, clean water infrastructure, and coffee pulping machinery. Between 50,000 and 60,000 people across the region benefit from HOAC's community development programmes, making it a model for cooperative-led rural transformation, contributing to SDG 2 (Zero Hunger) and SDG 5 (Gender Equality).



PC: Fair Coffee

PNG Power Staff Savings and Loan Society (PPSSLS), Port Moresby, PNG



PC: PPSSLS

PPSSLS was established in 1988 by workers of PNG's Electricity Commission. It is licensed under the SLS Act 2015 by the BPNG and registered with the IPA. PPSSLS identifies itself as a financial cooperative and welcomes all Papua New Guineans as members. By 2022, the society had grown its total assets to \$15.1 million and recorded a net profit of \$792,000.

At its 35th Annual General Meeting (AGM) in Madang in June 2024, PPSSLS declared a total member return of 13.25% on savings, the highest rate among all SLS in PNG. PPSSLS advances SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities) by providing affordable financial services to workers and small business owners excluded from mainstream banking.

Malala Coconut Co-operative Society Ltd, Bogia District, Madang Province, PNG

The Malala Coconut Co-operative Society Ltd. was established in 2022 by six villages in Bogia District, Madang Province. With just 20 members, it has doubled the monthly white copra production from 12.5 tonnes to 25 tonnes since establishment. The cooperative introduced White Copra, produced through clean, controlled drying that reduces smoke pollution and carbon emissions. White Copra earns members approximately \$1.26 per kilogram, 34% more than traditional black copra.

Members also produce virgin coconut oil, herbal soap, infused oils, and coconut shell charcoal, with exports to Bangladesh and India and domestic sales. Six nurseries are operated in partnership with the Pacific Community (SPC). Cashless banking through MiBank supports financial inclusion for rural members. In 2025, Malala received the Kina Bank Sustainability Excellence Award at the PNG SME Awards, advancing SDG 2 (Zero Hunger) and SDG 12 (Responsible Production and Consumption) through climate-resilient coconut enterprise.



PC: TheNational

Goroka Bilum Weavers Cooperative, Eastern Highlands Province, PNG

The Goroka Bilum Weavers Cooperative was established in 2003 in Goroka, Eastern Highlands Province. It is a women's handicraft cooperative that produces and sells bilum, a traditional bag handwoven from plant fibres, animal fur, or sisal. Bilum weaving is an ancient craft that has been passed down through generations of Papua New Guinean women. The society has around 100 direct members and supports approximately 1,000 women through its weaving network. Many members joined while facing hardship such as illness, homelessness, or domestic violence.

Through income-generating activities, access to medical care, and skills training, it helps these women gain economic independence and rebuild their lives. Since 2011, members have showcased their work at Maketi Ples, an annual Pacific art exhibition in Sydney, where the Australian Museum has acquired several pieces for its permanent collection. By turning traditional knowledge and cultural heritage into sustainable livelihoods, it advances SDG 5 and SDG 8.



PC: oneoftwelve.com



- In 2008, FESALOS partnered with the World Council of Credit Unions (WOCCU) to upgrade its banking management system, improving financial services for SLS members across PNG.
- In 2016, PNG participated in the inaugural Melanesia Spearhead Group (MSG) Cooperative Officials Meeting, agreeing to strengthen cooperative linkages across Melanesia and exchange global best practices.
- Also in 2016, PNG co-organized a high-level side event at the UN Commission on the Status of Women in New York, on the theme "Realizing Women's Economic Empowerment in Rural Areas through Cooperatives and Microenterprises."
- The European Union Support to Rural Entrepreneurship, Investment and Trade in PNG (EU-STREIT PNG) Programme, an \$89.8 million initiative and the largest EU grant program in the Pacific, has supported PNG cooperative societies across cocoa, vanilla, and fisheries value chains in the East and West Sepik provinces under Momase region since 2019.
- The Australian Government's Department of Foreign Affairs and Trade (DFAT), through the Australian NGO Cooperation Programme (ANCP), funded the Climate Smart and Inclusive Cocoa in Usino (CACAU) Project from 2021 to 2026. The project supports cooperative societies through climate-smart cocoa farming, savings groups, and inclusive cooperative leadership.
- In 2026, the UN Highlands Joint Programme Phase 2, funded by Australia and New Zealand, launched the Livelihood Enhancement and Economic Diversification (LEED) Programme in four Highlands provinces. The program recognizes cooperatives as a pathway to peace, addressing the economic drivers of conflict by organizing farmers into cooperatives, improving market access, and building financial inclusion for women and youth.
- In June 2024, PNG participated in the UNDESA Capacity Building Workshop "Empowering Cooperatives for Inclusive Economic Growth and Sustainable Development in the Pacific," held in Fiji, alongside cooperative registrars and leaders from Fiji, Vanuatu, Kiribati, Samoa, and Solomon Islands, discussing cooperative law reform, climate resilience, youth engagement, and plans to establish a Pacific Island Cooperative Network (PICON).

Engagement with ICA-AP

- PNG cooperators attended the Conference on Cooperative Development in South Pacific Islands, held in Fiji from 7 to 9 July 2008.
- In 2018, OCS-PNG participated in the Forum on Development of Cooperatives in Pacific Islands, held in Vanuatu.
- In January 2026, OCS-PNG participated in the ICA-AP Regional Dialogue on "Cooperatives as Drivers of the Blue-Green Economy in the Pacific," held in Nadi, Fiji, alongside cooperative leaders and government officials from Fiji, Kiribati, Vanuatu, and Solomon Islands, contributing to the development of a Pacific Island Cooperative Action Agenda for the Blue-Green Economy.

What are cooperatives?

Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

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 122 members from 29 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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