

# Expand your horizon and explore on the strategic direction of your organization

**G**lobalization, mergers and acquisition, increased competition, greater community responsibility and instantaneous dissemination of corporate information are some of the issues that force credit unions to rethink strategies for future direction.

The Asian Credit Union Forum is a platform for ACCU members to discuss and explore solutions to respond to issues confronting the growth and viability of credit unions.

## What are the benefits to your organization in attending the Forum?

- Knowledge and know-how to formulate new strategies to enhance the operation of your credit union
- Participate in an active exchange of ideas and experiences among peers in Asia and Developed credit union movements.
- Challenge your assumptions and validate opinions
- Encourage innovation resulting to products and services enhancements.
- Develop linkages with other credit union movements

## What is the format of the Forum?

### September 19:

- One Day Field Exposure to both rural and urban credit unions in Thailand.
- A visit to the golden-spire temples, majestic ruins of ancient capital and the charm of rural towns.

### September 20-21:

- At least 3 plenary sessions and variety of specialized sessions to choose from.
- International night-the culminating event of the forum. Enjoy the fine Thai cuisine with an abundance of vegetable and fruits, herbs and spices, succulent seafood and fresh farm produce.



## Who should attend?

The Forum is open to General Managers, Chief Executive Officers, Board Chairpersons, Directors, Senior Staff and young professionals from credit unions, leagues, national federations and other organizations promoting and supporting credit unions worldwide.

## Venue....

Chaophya Park Hotel is situated in a garden atmosphere on Rachadapisek, in the center of Bangkok's communications, transportation and international business district. The hotel is close to the major shopping places like Central Department Store and Chatuchak market.

Chaophya Park Hotel  
247 Rachadapisek Rd., Din Daeng,  
Bangkok 10320, Thailand  
<http://www.chaophyapark.com>



## Plan now for the 2002 Asian Credit Union Forum!

Bangkok, Thailand, September 19-21, 2002

Complete the form below to receive additional information, or visit our website [www.aaccu.net](http://www.aaccu.net) or inquire at:



### Association of Asian Confederation of Credit Unions

36/2 Moo 3, Soi Malee-Suansorn, Ramkhamhaeng Rd., Bangkok,  
Bangkok 10240, Thailand  
Phone: 66-2-374-5101; 374-3170 Fax: 66-2-374-5321  
E-mail: [accuran@ksc.com](mailto:accuran@ksc.com)

## Registration Fee:

- US\$ 200 for Early Bird Registration by May 31, 2002
- US\$ 250 for regular registration
- Registration ends July 31, 2002

Family name: \_\_\_\_\_ Given Name: \_\_\_\_\_ Female \_\_\_ Male \_\_\_

Nationality \_\_\_\_\_ Position: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Tel.: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

amazing  
THAILAND



Early Bird Deadline:

May 31, 2002



Bangkok, Thailand  
September 19-21, 2002



The Association of Asian Confederation  
of Credit Unions invites you to the....

*See Reference  
File  
for  
2002*

# Asian

# Credit Union Forum 2002

Plan to be in Thailand, September 19-21, 2002. No other traveling experience matches the exotic Thailand. The Forum 2002 is set in another world of exotic beauty and natural charm. Thailand is a land of fascinating history and lovingly preserved customs renowned throughout the world for its lavishly decorated temples, stunning beaches and delicious cuisine.

people. The country itself is called the "Land of Smiles". Bangkok is the best place for credit union leaders and professionals to discuss business and development issues while discovering the hidden treasure of its history. Providing the perfect compliment to the forum is the delicious Thai cuisine that presents an enormous range of dishes and subtle blend of flavors.

ACCU with our two member organizations in Thailand (FSCT & CULT) welcomes your participation. Thais are the most gracious

Countless of exciting events awaits you. Make sure the 2002 Forum is noted in your calendar.

Host  
Organizations



Federation of Savings & Credit  
Cooperatives of Thailand Ltd.



Credit Union League of Thailand Ltd.



# Credit Union AMBASSADOR

## Exposure to Credit Unions

The Credit Union Ambassador Program provides opportunity to credit union leaders and professionals to visit developed and developing credit union movements and interesting places in the country chosen. Since ACCU office is located in Thailand, a reasonably priced 4 days exposure program is designed for a minimum of 8 and maximum of 20 participants.

The exposure program would be designed based on the interest of the participants. Participants can ensure an exciting and homely atmosphere with their counterparts in Asia while learning and enjoying the sights, sounds and culture of the country visited.

## Technical Exchange Program

The Credit Union Ambassador Program also provides opportunity for professionals and leaders from developed credit union movements to share their technical expertise to developing country's national federation on the area of training, financial management, planning, information technology or any particular area requested. The country sending technical expert will contribute for international airfare cost while the member country receiving the technical assistance would shoulder the in-country cost.



## Twinning Program

The program provides opportunity to developed national credit union federation or primary credit union to share their success by way of technical and financial assistance to an emerging or developing credit union movement. The program also involves sharing experiences by visiting the chosen credit union or national federation. The program builds a strong brotherhood between the two national federations and/or primary credit union.

## Internships

The program encourage large primary credit unions or advanced national federations to provide hands-on learning opportunity to professionals and leaders of developing or emerging credit union movements through internship hosting. The area that could be chosen are: microfinance, insurance, central finance facility, information technology, marketing, institutional capacity building or any area requested. Members of ACCU would be requested to submit names of any primary credit unions willing to participate in the program by hosting interns for a maximum period of two weeks. As part of Asian hospitality, the sponsoring organization would facilitate for home-hosting and in-land travel if required.

## Do you know...

- You will be listed as member of the Credit Union Ambassadors in Asia
- You will be receiving a Credit Union Ambassador Certificate
- You will be receiving a specially designed souvenirs with the Credit Union Ambassador identification
- You will be given an opportunity to contribute an article to ACCU New, the bi-monthly publication of ACCU on your experience and insights of the program
- You will be receiving a one year free subscription of the ACCU New

## We are interested...

Please contact your National Federation/League which is a member of ACCU. All inquiries should be directed to:

**The Chief Executive Officer  
Association of  
Asian Confederation of Credit Unions**

36/2 Moo 3, Soi Malee-Suansom,  
Ramkhamhaeng Road, Bangkok, Bangkok 10240, Thailand  
Tel: 66-2-374-3170; 374-5101 Fax: 66-2-374-5321

E-mail [accu@accu.th](mailto:accu@accu.th) @ksc.th.com; [www.aaccu.net](http://www.aaccu.net)

people  
helping  
people!

# Credit Union AMBASSADOR

**ACCU** announces the launching of the Credit Union Ambassador Program. It is aimed to further the Asian Credit Union solidarity and provides unique learning opportunity for volunteers and professionals in the credit union. Above all this is a tool to foster cooperation and innovation in Asian Credit Unions.

## 8 Good Reasons of Joining

1. Experience the brotherhood of credit union people across Asia.
2. Gain strategic insights from the sharing of credit union development
3. Learn how principles and values of credit unions are practiced.
4. Expand your horizons that leads to innovation to your credit union
5. Immerse to different cultures for your wide understanding
6. Enjoy friendships with credit union people
7. Establish credit union development linkage for the benefit of your members
8. Visit historical and exciting places in Asia

The next  
step is  
yours!



## What is in Store?

Exposure to Credit Unions  
Technical Exchange Program  
Twinning Program  
Internships



Association of  
Asian Confederation of Credit Unions





## Basic Education - A Fundamental Right<sup>1</sup>



India has the world's largest population of illiterates, numbering more than 400 million people. The role of education in development has been recognized since long and a considerable part of the community's wealth must be invested in it. Investment in human capital in general, and in education in particular, may be more conducive to economic growth than investment in physical capital. Rates of return are highest in primary education, followed by secondary and then university levels. It is important to note that the role of education as an instrument of economic growth varies over time. Education may yield substantial rewards at some stages of development, while at other stages, the impact may be negligible. There may not be a threshold level of literacy / education for it to influence economic development, but also a threshold level of economic development for literacy / education to grow, and for it to influence development of education significantly.

India's desperately poor live in rural areas and, it would be more cost effective to remove rural poverty hence solutions for poverty in India, most certainly should be concentrated on rural poverty. Rural poverty has many complex causes and, there are three common points in these - illiteracy, ignorance and lack of knowledge, which could create income generating possibilities and the answer to this must necessarily be education and skill development.

Nobel laureate Professor Amartya Sen on his visit to Bolpur, a small town adjoining Shantiniketan in West Bengal, urged the common people to join in demanding basic education as a fundamental right. He further said in a brief speech, "Basic education should be a fundamental right and it should be demanded with a strong voice. Expenses on basic education are within our country's reach. If India cannot do it, it will not only reveal economic bankruptcy but political bankruptcy".

An estimated 80 million school age children do not have access to any formal schooling and upto 100 million more attend grossly inadequate schools where little learning is imparted. In a survey conducted by the internationally renowned Dutch scholar and economist Jan Drieze (1998), it was found that a majority of rural schools had fewer than two teachers each, that teacher absenteeism was as high as 65 per cent on any given school day, and that basic facilities such as blackboards, classrooms and toilets were non-existent in a big proportion of schools. An estimated 50 per cent of India's population is still functionally illiterate, school dropout rates are over 40 per cent in lower classes and upto 60 per cent in higher classes, and the quality of education imparted even in those schools, which are seemingly functional, is poor.

## Editor's Note

We hope that the Special Issue on Micro-Insurance was a pleasant New Year surprise!

In the August 2000 issue of FWWB News, we had announced the launch of two of our New Initiatives - FWWB's Education and Infrastructure Financing programmes. It's been a year since, and a long one indeed. Much has happened on these fronts and the programmes have witnessed rapid demand from our partner institutions - to the point that we are finding it difficult to cope with it.

The present issue of FWWB News is happy to share with its readers, the experiences and challenges faced during the implementation of these programmes. Do write to us in case you have any queries or need more information on these programmes.

We once again invite articles, views and experiences from our readers - inputs that could make this newsletter, a more absorbing piece of reading.

Here's happy reading till we meet again!

Although planners and politicians in India are well aware of these problems, their response has never been one of serious action. They try to justify their indifference by citing reasons that the 'sheer magnitude' of the problem makes it insolvable and other factors such as labour migration, economic compulsions of the poor families and the unavailability of financial resources with the State to meet this requirement. However, none of these responses seem to hold ground. It is now seen that poor parents, even migrant labour are keen to ensure that their children atleast get basic education so that their tomorrows are better than today.

### References:

1. Rural Poverty in India - An analysis of Inter-State Differences - Rohini Nayyar. Levels of Poverty and Change - Amartya Sen. (World Bank Staff Working Papers No:401)
2. Alternative Solutions to the world's largest concentration of poor people - How poverty can be eliminated quickly in India - Michael Nen.
3. Education and its Relation to Economic Growth, Poverty and Income Distribution Past Evidence and Further Analysis - Jandyala B. G. Tilak (World Bank Discussion Papers).

for all Libs  
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HCL  
Pl. write + ask to be put  
on mailing list  
JWS

## LOANS FOR EDUCATION

In the year 2000, FWWB was approached by a network organization, ASMITA based in Secunderabad, Andhra Pradesh with an unusual request. The clients of the organization wanted to borrow funds for paying their children's school fees. They did not seek any subsidy and were ready to borrow at the usual rate of 13.5% p.a. This request was followed by request from another partner organization, Development Organization for Women (DOW), based in Battalagundu, located in Didigudi district of Tamil Nadu.

In response to this demand, until now, FWWB has disbursed Rs. 20,00,000 to ASMITA which has been further disbursed to 1020 members of Sharda Women's Association (SWA - A federation of SHGs supported by ASMITA) and DOW has received Rs. 11,50,000 which was disbursed to 500 clients. FWWB disbursed the loans at 13.5% to both these organizations and they further lent it at 20% flat. This year FWWB disbursed Rs. 5,00,000 to New Life Sewa Samstha (NLSS), based in Trichy, Tamil Nadu, which was further disbursed to 200 clients at 24% diminishing rate. So far the total amount lent by FWWB across these three organizations is Rs. 36,50,000 which has benefited a total of 2897 children.

The children, who benefited, were pursuing their education at the levels ranging from the primary to the university including some professional and vocational courses as well. These loans have been used primarily for paying their term fees, tuition fees, for purchasing books, uniform, shoes and other related expenses.

The selection criteria by the organizations was made on the basis of (1) members of SHG having more number of female children, (2) Seniority of groups and level of savings and (3) Repayment regularity of previous loans.

Those who received the loan said that, in spite of the amount being small and their need to borrow additional amount from external sources (like local money lenders or neighbours at interest rates varying from 3-10 percent per month), the amount proved to be useful, as it was timely. Since SWA is located in an urban area, the accessibility to English medium private schools is higher and it is very interesting to note that most of the members of these groups wanted their children to study in these schools despite higher fees as they felt that their children can have an edge, both in terms of access to better education and job opportunities.

Interestingly, it was seen that about 70 percent children of SWA's clients who benefited go to study in private schools and the remaining in public schools or other government aided schools. The demand for finances for the purpose of education was found to be much more than expected. Infact some of them also said that the fees can be transferred directly to the respective school / college instead of giving them.

Ms. Girija (Director of SWA) expressed her concern over the quality of education in the government school, which is very poor and compared it with the private school and also mentioned that this is one reason why parents prefer to send their children to private schools inspite of it being so expensive. Eventually, they are unable to continue with it as

it is a very expensive affair with the result that the children drop-out of school. The irony is that these children who have studied so far in English medium (private school) are unable to catch up with the Telugu medium studies, that too in government schools and hence have no other alternative but to discontinue their studies. They then end up doing housework or looking after the younger brother or sister or get into child labour.

DOW, being based in rural areas, the people had accessibility only to the local government schools. The expenses here were very less with just one or two children in primary schools. About 67 per cent children of the clients, who benefited, study in Government schools and the remaining in private schools. Whereas, in NLSS, amongst the children who benefited, 66 percent go to government school and the remaining to private schools.

Interviews with children in the villages brought out problems that the children faced in their immediate environment - about the noise in their colony and how it affected their studies especially during their examinations. They felt the need for having a library or community hall for the children to go and study so that they are not disturbed.

The school dropout rates, especially of the girl child were seen to be quite high. The preference to make the male child study was higher as they found investing in a male child to be more profitable since the girl child will grow up and get married. However, this behaviour was evident only when parents had to choose between the two (male or female child) mainly due to financial constraints. The dependency on the moneylender for small amounts for various purposes still continues, this also includes small amounts for books, uniform and other related expenses.

**Friends of Women's World Banking make available funds for the poor children pursuing primary and secondary level education, and welcomes contributions from friends and philanthropists. FWWB being a Trust, contributions are tax exempt.**

It was found that there is huge demand for such loans, people are demanding large amount as they said that the cost of educating a child in a private English medium school will be approximately Rs. 10,000 annually understanding the fact that, most of them want their children to study in private English medium school considering the quality of education.

Loans used for the purpose of education have proved to be very effective in case of all the three organizations and the demand for such loans has been found to be increasing. Looking at the rising demand for such loans, FWWB plans to build a separate fund to advance loans exclusively for the purpose.

### Issues and Challenges:

- Regardless of loans reaching large number of children the probability of dropouts due to financial constraints is very real and it is quite high incase of a girl child as the parent's preference to make the male child study further was higher.



- The cost of sending children to English medium private schools being high, dependence on moneylenders for loans is still quite high.
- To have long-term impact, it is essential that education loans be provided on a continuous basis and not for a single academic term.
- It was also observed that, children who have dropped out due to financial reasons are unable to continue their studies even in local government schools, because of their inability to cope up with the low standards of education.



*What's new in the forthcoming issue of our newsletter?*

### Market Research for Micro-finance

Following recent developments in understanding the needs of clients and the growing competition, there has been increased interest from MFIs in improving their product development skills. In this increasingly competitive environment, MFIs must improve the quality of financial services that they provide to their clients.

MicroSave-Africa, a CGAP/DFID/UNDP initiative, is a unique project that promotes the development of savings and other more client-responsive financial services among MFIs in East Africa. The project has emerged as an industry leader in the area of market research and product development for micro-finance. MicroSave-Africa is primarily involved in activities like Action Research / Research studies, Curriculum Development, Training and Dissemination.

MicroSave-Africa's forte is client awareness training using Participatory Rapid Appraisal (PRA) / Focus Group Discussion (FGD) techniques, which is a uniquely important contribution of the project. PRA is used primarily as a tool, by which participating communities with the assistance of outside facilitators, collect and analyze information on their own, about themselves, their lives and the community.

A training course on 'Market Research for Micro-finance' conducted in Uganda by MicroSave-Africa in May this year was attended by two Indian participants, a Programme Officer from FWWB and the Director of SPANDANA, an affiliate of FWWB. Subsequent to the training programme, market research was conducted using PRA tools in SPANDANA to assess the housing need of their members' and design a client-centred savings product for housing.

Don't forget to check out the next issue for details!!!

## LOANS FOR SANITATION

Under this initiative, FWWB has disbursed a total amount of Rs. 29.5 lacs to four organizations- Rs. 21 lacs to two organizations, SHARE and SPANDANA in Andhra Pradesh and Rs. 8.5 lacs to DOW and SHEPHERD in Tamil Nadu, benefiting more than 700 clients. The loans, which were made available by FWWB at 6% declining rate of interest, have been utilized essentially for construction of toilets and/or bathrooms.

SHARE has disbursed the sanitation loan of Rs. 3000/- each at 15% per annum flat interest rate to 167 clients belonging to two rural branches while SPANDANA disbursed Rs. 4000/- each at 12% per annum flat rate to more than 250 clients in both rural and urban areas around Guntur. DOW further disbursed the sanitation loan at 18%

declining rate to 100 borrowers across 8 villages, with each member getting Rs. 3500/-. In addition, DOW's members were also able to get Rs. 500/- as a subsidy from the District Rural Development Authority (DRDA). SHEPHERD has so far disbursed Rs. 20,000/- to 10 members across 4 villages, with each member getting Rs. 2000/- at 12% declining rate. Although there remains a high unmet demand for sanitation loans amongst SHEPHERD's members, it is trying to link sanitation with shelter upgradation so as to minimize the cost of construction. Most of the clients of these four organizations are in their 2<sup>nd</sup> or 3<sup>rd</sup> loan cycle; however, it is for the first time that they have taken a 'sanitation loan'.

The selection criteria for sanitation loans as decided by the respective organisations were based on:

- i) Duration of membership
- ii) Regularity/participation in group meetings/activities
- iii) Repayment performance of previous loans.

For the purpose of keeping costs low, SHARE and SPANDANA have provided their members with specifications of design and materials to be used for toilet construction. While the use of double-pit toilets was stressed by the organisations, some of the beneficiaries, especially those living in urban slums, chose a single-pit model, as space was a problem. The material used for the construction of toilets was mostly hollow cement blocks and in some cases, bricks. A local contractor/mason was usually hired for such construction. In some of the villages, the client's husband was a mason himself, which helped in reducing labour costs.

SHEPHERD is currently in the process of bringing out a user guide on "Total Sanitation". In some cases, SPANDANA has given building material as part of the loan. Interestingly, most of the families in SHARE and SPANDANA, who took loans for toilets, also constructed a bathroom, even though this increased the average cost of construction from Rs. 4000/- to Rs. 7000/-. This was managed mostly through own funds and in some cases, borrowings from the moneylender at higher interest rates. In some villages, a few families had already constructed a bathroom with their own savings and therefore used this loan for a toilet. Even those who had *kuchha* houses preferred to construct the toilets first. In absence of a direct water connection, storage of water for use in the toilets is usually done in a cement container, locally known as *Thotti*.

Individual toilets have proved especially useful to older people, more so, people with physical disabilities, as they no longer need to travel long distances to the fields to defecate. Sanitation loans also proved very beneficial to women and adolescent girls, who now got greater privacy and could use the toilet and bathroom anytime of the day instead of waiting for dark. Interestingly, the importance and usage of toilets was seen more in villages, which were near to towns, as such villages either had very little agricultural land remaining or the fields were very far. A number of borrowers had finished construction of the toilet but were finding it difficult to start using it because of their habituation to squatting in the open. In fact, it was only during monsoons and the subsequent water-logging in the fields and low-lying areas that people preferred using their toilets. Looking at the limited awareness of the borrowers regarding health, hygiene and maintenance, the organizations plan to impart intensive training on such issues to their clients.

# ELIGIBILITY CRITERIA FOR FWWB'S REVOLVING LOAN FUND SUPPORT

## Key Selection Criteria for Organizations

FWWB's loan fund is available to SHGs/Federations, Non-Governmental Organisations (NGOs) and Non-Banking Finance Companies (NBFCs) at interest rates varying from 13.5% - 14.5% per annum. FWWB's loan products include Bridge loans (for 2-5 months), short-term loans (upto 1year) and medium-term loans (2-3 years).

An organization applying to FWWB for loan fund should:

1. Be working exclusively with women, and have a minimum membership of 800.
2. Have a cumulative member savings of at least Rs. 2 lacs.
3. Have an experience of at least one year in the management and operation of the savings and credit programme.
4. Have committed leadership and good book-keeping practices.

Proposals for loan fund can be sent at the address mentioned below. FWWB's Loan Application Form is available on payment of Rs. 100/-.

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Note: 1 lac = 100,000  
1 US\$ = Rupees 47.00

Published by

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# ACCU NEWS

**Celebration**  
**30<sup>th</sup>**  
 Anniversary  
 1971-2001  
 September 23, 2001  
 Jiong Jiong

The Bi-monthly publication of the Association of Asian Confederation of Credit Unions

Shirley  
 File  
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 3/3/02

## ACCU TO DO LIST IN 2002

### “TO BE MORE RELEVANT TO MEMBERS”

Marking the start of the 2002, ACCU ensures that members are well informed of what they could expect during the year. On top of the regular projects implemented, among those enumerated as priority areas in the “to do list” of ACCU in 2002 are:

**To Boost Credit Unions' Savings:**

- Launching of the SMARTeens product, a savings program for teens age 14 to 19. It is in response to the insignificant number of youth using the services of credit unions.
- Package at least two more savings products for senior citizens and baby boomers.

**To Professionalize Credit Union Operation:**

- Completing the Management Tools for credit union which includes Operations Manual, Product Catalogue, Planning Tools and Marketing Packages.

**To Market the Credit Union Advantage on Microfinance:**

- Co-organize the Regional Conference on Microfinance Policy and Governance with UN-ESCAP, APDC and APRACA on March 7-9. It is expected that this undertaking would market the advantage of the Savings-based Microfinance of credit unions, a truly sustainable approach to poverty alleviation.

**To Offer More Opportunity for Human Resource Development:**

- Launching the Credit Union Ambassadors Program. Though exposures, internships, overseas volunteer assignment, both professionals and volunteers could gain more skills and experience in meeting the challenges in their respective movements.
- Accreditation of the Asian Leaders and Managers Institute members. ALMI Members will be tapped to support ACCU for in-country programs.

- 4th Development Education Workshop on June 10-14 at the Development Academy of the Philippines.
- CEOs, HRD, Youth and Women Workshop on September 16-18, aimed to update the technical skills of credit union professionals on the current trend and required skills to modern business environment.
- Asian Credit Union Forum 2002 in “New Format” on September 19-21 in Bangkok, Thailand
- Annual General Meeting of ACCU with “enhancements” on September 22 in Bangkok, Thailand

ACCU counts on the usual support of its members. “The feedback of the members on our services is our benchmark to keep on innovating and be relevant to members”, said Ranjith.



2002 is the year of the horse. Let's kick-off with creativity & innovation.

Board & Management of ACCU

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## Editorial

"The year 2001 passed unnoticeably" sighs most of the credit union managers who have been round the clock working for the day-to-day operation of their credit unions. Mind you! At the end of the day, the harvest reaped should be counted too! Management performance would be equated on number of members recruited, the amount of savings mobilized, the efficiency of collecting loans and return on investments.

As the market has been so volatile and competitive, credit unions should prepare themselves to brave the challenges brought by the globalize environment. Today the key issue is how to respond to the changes in the market to maintain position. This is applied to every level. The credit unions need to maintain high profile by maintaining member satisfaction and viability.

2002 is another year of challenge. Sustaining membership growth is very important because this is the main source of growth of credit union's assets and business. Not to mention this is our mission...to make our financial services available to everyone.

Therefore, every single credit union should set a goal and identify innovative strategies to maintain the market position. Credit unions should not be satisfied with its present state but should seek more innovation and creativity in the way it is serving its members.

# ACCU- Associate Member of WOCCU in 2002

The change of ACCU's membership status from Member to "Associate" Member takes effect beginning January 1, 2002. ACCU was a full member of the World Council since 1971. The economic crisis has a great effect on the ability of members to pay the full dues since 1998.

In WOCCU's letter, Arthur Arnold, President and CEO said that ACCU's proposal for a "progressive increment on full membership dues within 5 years with member privilege and rights was declined by the Board to take such proposal in consideration as the Board cannot justify acting upon such proposal for another 5 year dues reduction when all other WOCCU members (National and Regional) have paid full dues in the past and are committed to paying full dues in the future, and given the fact

that ACCU has already benefited from considerably reduced dues during years of 1998 through 2001.

ACCU as an Associate Member shall be seated as delegate at meetings of the General Assembly and may participate in discussion and debate, but may not make or second motions or vote. Associate Member's access to WOCCU services will be determined by the Board of Directors. In addition to the timely payment of dues, the Board of Directors may require members to meet other responsibilities that are consistent with the bylaws of WOCCU.

As an Associate Member, ACCU members will pay a flat rate of US\$ 10,000. The Full Membership dues is based on Assets and Membership which is roughly US\$51,000.



## ACCU Treasurer's First On-the-Job Stint in BKK Completed

Dr. Lechumanan, the newly elected Treasurer of ACCU had his first assessment of the financial operation of ACCU (Bangkok) on December 2-4, 2001 after his appointment in September 2001 in Hong Kong. Dr. Lechumanan is the President of the Workers' Credit Cooperative Society in Malaysia.

The present treasurer physically examines the financial transactions and financial position of ACCU on a quarterly basis while financial reports are submitted on a monthly basis. The management briefed the Treasurer on the Internal controls, reporting system, fund management and operational plans. The Treasurer and management discussed financial



Dr. Lechumanan (far right) facilitating the Strategic Planning Session of WCCS

plans of ACCU. In general, the Treasurer was satisfied with the financial management system adopted within the organization.



## TECHNICAL REVIEW:

# Board Performance Evaluation

Today's business and financial environment demands that individuals on a credit union board have highly developed leadership skills and awareness of their responsibilities. To be truly effective, evaluation must start at the top. But who will evaluate the evaluator?

In Asia, the performance of a Board member is measured at election time. But that is not enough. A board

must organize a system for evaluating its own performance. It is up to the board to establish criteria which can be used to evaluate the quality of that performance. Then, on an annual basis, the board of directors could meet to compare individual assessments of how well the board is functioning.

The following evaluation form is a sample Individual Director Self-Evaluation that indicate areas for

personal development and training. The responsibility for addressing these areas lies primarily with the individual director. The process should lead the establishment of realistic but measurable goals for each director for this year, which can be used as benchmarks when completing the analysis.

Source: Training Manual Module VIII of Credit Union Central of Canada

### Director Self-Evaluation

1. <b>POOR</b> -I consistently do not meet the desired levels of performance in this area.	2. <b>Needs Improvement</b> - I regularly do not meet the desired levels of performance in this area	3. <b>Average</b> - I generally meet the desired levels of performance, occasionally do not meet them, but occasionally exceed them.	4. <b>Very Good</b> - I meet the desired levels of performance, seldom do not meet them and frequently exceed them	5. <b>Excellent</b> -I consistently exceed the desired levels of performance.
--	--	--	--	---

		Circle One				
<b>A. Decision Making</b>						
1.	I have a good understanding of the aims and objectives of the Credit Union.	1	2	3	4	5
2.	I contribute toward the development and refinement of the aims and objectives of the Credit Union.	1	2	3	4	5
3.	I understand that the Board of Directors is the final authority in the Credit Union, and respect management's right to act without interference within guidelines set by the Board.	1	2	3	4	5
4.	While I do not infringe on management rights, I am also aware of the rights of the board and do not allow management to infringe on the board's areas of responsibility.	1	2	3	4	5
5.	I realize that, except when I am functioning as part of the board or a committee at a duly called meeting, I have no more authority than any other member.	1	2	3	4	5
6.	I ask discerning questions during the meetings relative to the reports being tabled.	1	2	3	4	5
7.	I am aware of the key issues facing the Credit Union today and am trying to search for and anticipate the key issues for the future.	1	2	3	4	5
<b>B. Advisory Function</b>						
8.	I understand my individual and joint responsibilities as a director and the legal consequences of being the ultimate authority in the Credit Union.	1	2	3	4	5
9.	I appreciate the future implications of current decisions and the implications on the organization of a lack of proper decisions. I have an anticipatory attitude towards decision-making	1	2	3	4	5
<b>C. Trustee Functions</b>						
10.	I understand the difference between board and management responsibilities	1	2	3	4	5
11.	In the performance of the board's advisory function, I understand that it is management's prerogative to accept or modify the advice it receives from the board.	1	2	3	4	5
12.	I maintain contact with members in order to give representation to their concerns and needs.	1	2	3	4	5
<b>C. Trustee Functions</b>						
13.	I have a good understanding of the regulations and bylaws governing the operation of the credit union so that I can determine if the business is operating within these guidelines.	1	2	3	4	5
14.	I have a good understanding of the regular financial reports (Balance Sheet and Statement of Operations).	1	2	3	4	5

15. I have good understanding of our Credit Union's position in respect to the key financial indicators of liquidity, profitability, equity and risk exposure.	1	2	3	4	5
16. I actively participate in the evaluation of past performance of the board and the general manager based on predetermined standards in the key areas and in planning future goals.	1	2	3	4	5
17. I allocate sufficient time to my role as director. I am well prepared for meetings. Materials provided to me in advance of a meeting are reviewed by me and questions noted in advance.	1	2	3	4	5
18. I understand the majority of the reports received for Credit Union evaluation, and know how to analyze them.	1	2	3	4	5
19. I clearly separate my personal interests from my responsibilities as a director.	1	2	3	4	5
20. I try to influence decisions for the benefit of the members, as opposed to my own benefit.	1	2	3	4	5
21. I am willing to contribute my personal time to achieve the competence required of an active director.	1	2	3	4	5
<b>D. Participation Function</b>					
22. I participate openly at meetings by asking appropriate questions and offering constructive comments.	1	2	3	4	5
23. I recognize the different talents of fellow board members, and try to develop spirit of unity on the board. I appreciate the benefit of diverse opinions.	1	2	3	4	5
24. My attendance is regular and punctual					
25. I am prepared to stand alone if necessary in order to bring issues to the attention of fellow board members.					
26. I participate in the perpetuation of a sound, effective board of directors. I contact prospective nominees, discuss this with members on ongoing basis, and help identify the needs of the organization.	1	2	3	4	5
27. I maintain board solidarity. I do not disclose aggravate board differences. I support board decisions even if I was opposed at the board discussion level. I do not actively oppose board decisions or undermine board activities.	1	2	3	4	5
28. As a director, I realize that I am part of a team and willing to forego my personal goals to support team goals which have been established through full participation of the board.	1	2	3	4	5
29. I communicate well with other directors and members of management.	1	2	3	4	5
30. As a director I stay attuned to activities and changes within the organization including those at the central level.	1	2	3	4	5
31. I am prepared to participate in district regional level and provincial meetings.	1	2	3	4	5
32. I have a good understanding of the democratic control structure of the credit union system and allocate time for participation in this structure	1	2	3	4	5
<b>E. Symbolic Function</b>					
33. I contribute towards people's confidence in the Credit Union by keeping my financial affairs in order (e.g. I am not in arrears or in breach of any loan agreement; I am a member in good standing; I have not had any problems with overdrafts).	1	2	3	4	5
34. I personally support the business of the Credit Union	1	2	3	4	5
35. I treat the confidential business of the Credit Union in strict confidence.	1	2	3	4	5

### Overall Performance Assessment:

If there is a score of less than 3 on any question, you need to highlight that area and develop a plan to improve it.

There are several prerequisites for carrying out the self-evaluation process. The Board must first accept and believe on the self-evaluation because it will be carried with full board involvement. Uninvolved board members are not likely to feel the same commitment to recommendations that arise from analysis of the data that the participants in the self-evaluation process.

Employee participation is also important in this process. By asking employees to participate in the evaluation of board effectiveness, the board can "round out" its perceptions of its

Every Board should ask itself the following questions:

- How well does our board do its job?
- Do we function as effectively as possible?
- Individually, how can we work to improve our overall performance?
- How are we going to assess our progress toward improved performance?

effectiveness. The activity is a basic part of the 360 degree feedback concept, that is, getting feedback from a variety of individuals who can offer different perspectives based on their various relationships with the individual. After the evaluation, the next question is: Now What? Commitment to specific plan of action.

Board self-evaluation is one component of a total program of organizational assessment and evaluation. It is an internal review of how the board conducts its affairs, carried out by those who know the board best.

In the next issue, we will be publishing the Board Performance Evaluation. It is an overall evaluation of the Board's effectiveness. For more information, you can contact ACCU directly.



## CCULB Elected New Board of Directors

The Cooperative Credit Union League of Bangladesh elected the new set of Board of Directors at its 15th Annual General Meeting on January 4, 2002. The following were elected: Mr. Jonas Dhaki—Chairman; Mr. Mazibar Rahman—Vice Chairman; Mr. James D. Corraya—Secretary and Directors are: Mr. Francis Gharami; Haji Abdus Salam Khan; Mr. Shafiul Alam; Mr. Peter Baroi; Mrs. Mina Maria Mrong; Mr. Kabirul Islam; Mr. Proshanto Mondol and Mr. Nirmol Rozario.



Mr. Jonas Dhaki (right) reelected as Chairman of CCULB

According to Stephen, General Manager, the Board of CCULB is a representation of the entire country and different denominations. He added that the credit union is the meeting point of people with same values and commitment on "people helping people".

Mr. Jonas Dhaki is also serving as the 2nd Vice President of ACCU.

*"To get something done a committee should consist of no more than three people, two of whom are absent."*

*Robert Copeland*

## P.A. KIRIWANDENIYA RECEIVES HONORARY DOCTORATE DEGREE

Mr. P.A. Kiriwandeniya received honorary Doctorate Degree in Development Economics from the University of Ruhunu in Matara, Sri Lanka in recognition of his leadership in spreading rural financial institutions (credit unions) throughout Sri Lanka that serve people who do not have access to formal financial institutions.

The degree was awarded to him on November 16, 2001 was shared with the SANASA leaders on the occasion of the Award giving ceremony on December 17, attended by approximately 250 leaders throughout Sri Lanka. The ceremony was graced by Dr. A.T. Ariyaratna, Chairman of Sarwodaya movement who praised the awardees in keeping their commitment to the credit union movement.

Dr. Kiri said that the degree is not only for himself. He offered the degree to those people who dedicated their time and skills to establish more than 8,000 primary credit unions now serving poor



Dr. P.A. Kiriwandeniya of SANASA

communities in Sri Lanka.

Ranjith Hettirachchi, Chief Executive Officer of ACCU received a recognition award for the excellent contribution in the development of Management Structure and Institutional Development of SANASA. He was the first General Manager of SANASA from 1983 to 1992.

# DCCCO: MOST OUTSTANDING CREDIT COOP IN THE PHILIPPINES IN THE YEAR 2001

By: VIRGIE BAUTISTA, DE

Dumaguete Cathedral Credit Cooperative (DCCCO), Dumaguete City, Philippines got first place as Most Outstanding Credit Cooperative in the category of community type as a result of the Cooperative Development Authority's 2001 Search for Outstanding Primary Cooperative in the country. Awarding ceremonies was held at Century Park Hotel in Manila on November 10, 2001.

Receiving the award were Dr. Sylvia Flores, Chairperson, Mrs. Felicidad L. Ruiz, Manager and Mrs. Evelyn M. Lazalita, Member of the Board. DCCCO, an affiliate of the Philippine Federation of Credit

Cooperatives (PFCCO) was also first placer in 1997 as Most Outstanding Credit Cooperative (community type) category in the Philippines. One more award of same level will place DCCCO in the Hall of Fame. This attributed to the aspects of sound and systematic record-keeping system, community impact, and self-reliance. Add to this is the playing "big brother" to small coops and extending technical assistance in strengthening program to coops who need it.

DCCCO is also boasting 4 Development Educators namely: Dr. Sylvia Flores, Fely Ruiz and Virgie Bautista (batch 1999) and Carmen P. Baylon (batch 2000). They



Dr. Sylvia Flores, Chairperson of DCCCO

are now playing a lead role in consolidating PFCCO network.

## DEs

## getting involved!

Fourteen Development Educators attended the PFCCO's celebration of the International Credit Union Day on October 20, 2001, reported Virgie Bautista, DE from Dumaguete Cathedral Credit Cooperative. On that occasion, PFCCO organized a consultation meeting with the Development Educators seeking their commitment to help revitalize PFCCO.

Recognizing the present challenge on financial sustainability, the Board of PFCCO, in its Strategic Planning exercise identified the Development Educators as one source of strength. Danny Ang, Secretary of PFCCO and DE himself emphasized in the meeting that DEs are assets. They could provide quality cooperative education and technical assistance. On behalf of PFCCO, DEs could provide professional training programs such as: Product Development, Strategic Planning, Credit Management, Policy Development, Customer

Relation Service, and other advance training that are not available at the League level. The DEs are in full support of the idea. As a professional group, the DEs would provide technical assistance and advance training to the leagues on behalf of PFCCO. The arrangement is still being worked out said Virgie.

The DEs again met on January 26, 2002 for the orientation of INDECUA technical assistance. Building of credit coops would be their project. It would be part of PFCCO's service to members. "We want to ensure that PFCCO is responsive to the needs of the members. This is our commitment as DEs," said Sylvia Flores.



Some of DEs in the Philippines

It may be recalled that PFCCO has changed its structure from two to three tier system. The league enhancement program is in full swing since 1998. Membership of primary credit unions to PFCCO has been transferred to the Leagues. This has created a huge challenge to the financial sustainability of PFCCO.

At present there are 70 Development Educators in the Philippines graduated from the three workshops conducted by ACCU.

## News In Brief:

### PFCCO Leagues Ready for Microfinance:

The experience of the two projects supported by ACCU in the National Capital Region and Northern Mindanao in the Philippines encourage other 4 Leagues in the Philippines under PFCCO affiliation to implement the microfinance innovation in Credit Unions. The workshop on December 8-9 facilitated by ACCU shared the experience and implementation methodology. It also included the plan on institutional capacity building of partner credit unions. The league managers are determined to become relevant to its members which is the only way to reach sustainability.

Accepting  
Registration!

### Conference on Microfinance Policy and Governance- March 6-8, 2002, Bangkok

ACCU will be co-organizing the conference on Microfinance Policy and Governance along with United Nations Economic & Social Commission for Asia and the Pacific (UN-ESCAP), the Asian and Pacific Development Centre (APDC) and the Asia Pacific Rural & Agricultural Credit Association (APRACA).

The conference is aimed to develop a regional program of cooperation that will focus on strengthening the capacity of microfinance institutions including credit unions.

Microfinance practitioners are invited to participate. Conference details could be obtained from ACCU. E-mail [accuran@ksc.th.com](mailto:accuran@ksc.th.com). Registration deadline is on February 15, 2002.



## News In Brief:

### CULT Strategic Planning Exercise Started

ACCU facilitated two strategic planning sessions with the senior management of CULT on November 22 and December 6, 2001. The first two meetings were focused on assessing the financial performance of CULT where strengths and weaknesses were highlighted.

Sahaphon, the General Manager emphasized that it is important for CULT to know where they are now and where the organization is heading. The involvement of the key staff and the branch managers of CULT is very important to come up with a strategies that consider the input of the implementers, Sahaphon added. The Management is doing its assignment and working closely with ACCU to provide more information on the present status of CULT. The third session which will be with the Board of Directors of CULT is scheduled on January 26.

### SANASA to Implement Microfinance for Women

The December visit of CEO to SANASA concluded with the agreement to implement the project on Women Empowerment through Micro-finance to select primary societies.

The project has a target to outreach entrepreneurial poor women, provide them an access to financial services, entrepreneurial skills and market. The project is designed to uplift the living standards of women by empowering them economically. The first project planning with the select credit unions is scheduled in the later part of January. The project is under the sponsorship of Agnterra of the Netherlands.

# A Close-Up Look at NCR & North Sumatra's Microfinance

Excerpts from  
CUFA's Development  
Bulletin on  
Microfinance  
December 2001, by  
Grahame Mehrrens

**A**CCU in partnership with the Philippine Federation of Credit Cooperatives, Credit Union Coordination of Indonesia and Credit Union Foundation Australia with the support of Australian Agency for International Development (AusAID) developed a project incorporating two contrasting implementation environments, the slum suburbs of Metro Manila and the rural villages in North Sumatra. The members and partners share their experience....

#### Case Study of Mrs. Remy Macabata, a Group Leader (Philippines)

The five women in Remy's SHG are neighbours and all are engaged in rag making. It was an existing microenterprise and the women learned of the micro-finance project from other people previously recruited by Sikap Development Cooperative (partner CU). The group members were all keen to join the scheme because it offered access to savings vehicle, such access previously being unavailable to any of them. Although individually they had been able to save Pesos 20 (US\$40) this amount is too small for a bank to be interested in processing and saving at home leads to temptation to spend. Savings are collected daily from the group members and deposited daily to Sikap Coop.

Prior to becoming MF members, rag making activity by all the women had been sporadic as they lacked capacity to borrow the capital required to work consistently. The loan from the MF project is the first loan any of the women had ever received and they are now producing continuously for sale in local street markets. There is ongoing demand for this product



E-poor's microenterprise activity also provides job for out of school youth in NCR Manila

in the broader Metro Manila and the group is negotiating to supply a wholesaler for wider distribution.

Prior to joining the SHG, Remy was aware of the Sikap Coop but was unable to meet the initial capital deposit requirement of Pesos 500 (US\$10) for regular membership. The ambition now of each group members is to become a regular member of the cooperative.

#### Credit Union Satolap in North Sumatra

The credit union joined the microfinance scheme from a background of previous history with group lending activities involving regular members, albeit with larger groups (20-25) formed on occupational lines e.g. poultry raising, pig farmers, crop farmers. The Catholic Church was the instigator of this approach using group solidarity as the basis of group interaction and when the Church withdrew its support, the credit union took over. New members are given a flexible membership alternative to credit union that would allow them an access to financial services. Members of the 2

SHGs interviewed said that the main benefit gained from joining the microfinance scheme is now having a secure place to save regularly. This was a facility previously denied to ten of the members, the other had been able to save in a People's Bank, but he had now transferred his allegiance to the microfinance scheme. Prior to the MF scheme starting up, any surplus cash tended are spent.

A perception of some development sector observers is that credit unions have evolved over a period of time to become banking vehicle for the middle class. Be that as it may, since 1990 ACCU has been implementing microfinance program with its members. With low-cost, innovative methodology for increasing outreach to the "have less" in the region, partner credit unions have proven their relevance. The ACCU/CUFA-AusAID partnership has approximately 4,300 outreach. The experience has served as model. It is now replicated in other parts of Indonesia and Philippines.

# Credit Union Leaders

## Appointed:

Ms. Saranya Pisanviriyakul as Secretary/Program for ACCU. Saranya replaced Ms. Umporn Petsom, whose contract expires on December 31, 2001. Management welcomes Saranya as a new member of the Credit Union Family. Saranya officially joined ACCU team in Bangkok on January 3, 2002.



Mr. Shil Kwan Lee as Regional Director of the International Co-operative Alliance Regional Office for Asia and the Pacific from January 2002. He worked closely with ICA's member organizations in the region as the General Manager of the National Agricultural Cooperative Federation of Korea.

## Elected:

Mr. Ivano Barberini, President of the International Cooperative Alliance in its Annual General Meeting held October 17, 2001 in Seoul, Korea. Mr Barberini is President of Legacoop and has over 40 years experience in the co-operative movement. He began his co-operative career in the consumer co-operative sector and since 1996 has held the position of President of Legacoop, a multisectoral organisation which represents over 10,000 co-operatives with more than 5 million members. Mr Barberini has also been very active in working with European and international movements promoting co-operative values and principles, collaboration among co-operatives and has also been involved in solidarity actions for developing countries and emergency aid.



**T**he Association of Asian Confederation of Credit Unions is an alliance of national credit union leagues, confederation, and promotion centers of Asian countries. ACCU works in partnership with members to strengthen and promote credit unions as effective instruments for socioeconomic development of the people.

### Board of Directors:

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Charles Yip Wai Kwong-1st Vice President-  
Hong Kong  
Jonas Dhaki -2nd Vice President -  
Bangladesh  
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A publication of Friends of Women's World Banking (India)

# MICRO INSURANCE INFOLINE

Vol. I, Issue#2, October 2001

## Providing Health Insurance to members of microfinance

### Introduction

In this note we will discuss how mFIs/NGOs can provide health insurance for their members. Specifically, we will discuss the health insurance scheme currently available through the four nationalized insurance companies.

The health insurance coverage currently available through insurance companies in India is for expenses incurred on hospitalization, and for medicines and laboratory tests directly related to the hospitalization for which claims are made.

### Some details of Scheme Design and Coverage

1. Generally health insurance policies are annual policies, and have to be renewed each year.
2. The insurance company is particular about how it defines a hospital and a doctor and will honour only those claims where services have been obtained at hospitals and from doctors meeting the set standards. The standard definition for hospital is a facility

### FROM THE EDITOR'S DESK

We would like to thank our readers for their positive response to our first issue of *Micro-insurance Infoline*. In this second issue, we focus on health insurance.

In a recent study on the insurance needs of members of microfinance institutions (mFIs) commissioned by FWWB, it was found that health-related crises were the most common type of crisis faced by the poor. The study found that there was at least one occurrence of serious illness per household in the last two-three years, and 75% of these illnesses resulted in hospitalization. The average cost per household on illness in the last two-three years was Rs. 4000.

Globally too, it is seen that sickness and injury are the most common risks faced by the poor. Health insurance can provide good coverage against this type of crisis.

In this issue, we will first discuss some issues relating to implementation of health insurance by an mFI/NGO. We then present the Mediclaim policy and the Jan Arogya Policy offered by the four Indian nationalized insurance companies. At the end, we have described an innovative Health Loan Fund initiated by SHEPHERD, one of FWWB's partners in Trichy, Tamilnadu.

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that is open 24 hours and is registered as a hospital. If not registered, the facility should have at least 10-15 beds (depending upon location, i.e. urban/rural) and be open for 24 hours.

3. As mentioned above, the premium for the insurance coverage depends on the age of the insured person. In the case of group policies, the average age of the group's members is considered.

### **Two important choices that a person buying hospitalization insurance needs to make**

- I. How many persons in the family to insure
- II. How much financial coverage to take

**I. How many persons in the family to insure :** Naturally, a person would like to have all the persons in her family covered under hospitalization insurance. However, the more the number of family members covered, the higher the premium.

One way to extend the insurance coverage across the entire family without paying the premium for all the family members is to buy a **floater policy**, which we have described below. While floater policies are relatively uncommon in India, they can be negotiated with the insurance companies.

**II. How much financial coverage to take :** The 'financial coverage' or 'sum insured' means the amount of money the insurance company will reimburse to the insured person for expenses incurred on the insured person's hospitalization. Insurance companies offer different amounts of financial coverage. The higher the financial coverage a person wants, the more premium she has to pay. The premium also depends upon the age of the insured persons.

### **How does a Floater Policy Work**

Suppose a family has five members - two parents and three children. The family would like all its members to be covered by hospitalization insurance, but paying the premium for five members would be very expensive. Also it is unlikely that all five members will be hospitalized in one year. It can therefore choose to take a floater policy.

To design a floater policy, the family has to choose two things:

- i. how many of its members will be covered by the policy, and
- ii. how much financial coverage to take.

Based on the choices it makes, the insurance company will decide the premium.

The family can decide that it would like coverage for only the two adults in the family, since it feels it is unlikely that the children will be hospitalized. Alternately, it can decide to have all five members of the family covered under the scheme, so that the insurance would cover hospitalization for any of the five family members.

The more the number of persons that are covered under the floater policy, the higher the premium. If the family decides to cover only the husband and wife under the policy, the premium will be lower than if it covers all five family members. This is because the probability of hospitalization occurring among two persons is lower than the probability of hospitalization occurring among five persons.

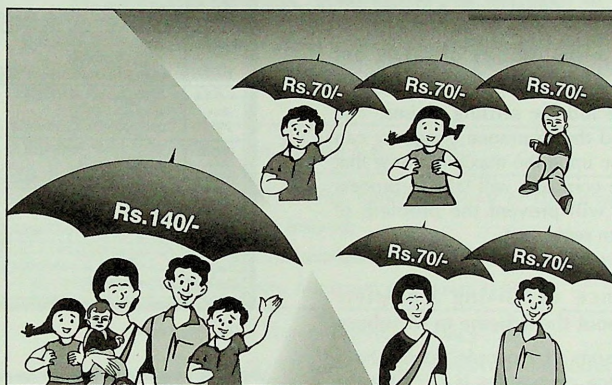


The family also needs to choose the amount of financial coverage or 'sum insured'.

Suppose the family decides to insure only the two adults in the family, and chooses a maximum claim amount of Rs. 10,000 per year.

The premium rate will be fixed taking into consideration both these factors, i.e. the number of persons covered under a floater policy and the financial coverage or 'sum insured'.

Now, suppose the wife is hospitalized and Rs.10,000 is spent on her illness. Then, if the husband happens to need hospitalization in that same year, the insurance company will not pay his hospitalization expenses. This is because the claim limit of Rs.10,000 will have been used up for the hospitalization expenses of the wife. If the wife's hospitalization had cost Rs.6000, then the insurance company would have been willing to cover the husband's hospitalization expenses upto a maximum of Rs. 4000.



### Items That Can Be Negotiated With The Insurance Company

When an mFI decides to purchase a group health insurance for its members from the insurance company, it can negotiate certain terms and conditions with the insurance company. An mFI buying a group policy for a large number of individuals brings good business to the insurance company. In return, the insurance company may be willing to offer certain concessions to the mFI. Some of the items that can be negotiated with the insurance company are:

i. **Rate of premium:** By taking a group policy, the mFI can get group discounts. The larger the group and the lower the average age of the group members, the lower the premium.

ii. **Definition of hospitalization:** The standard definition of hospital as per the insurance company is given above. However, the mFI/NGO may be able to negotiate with the insurance company to include smaller hospitals in case of members living in remote areas. For this the mFI/NGO should have knowledge about the types of medical facilities used by its members.

iii. **Limited claim settlement authority:** The mFI/NGO can negotiate with the insurance company to give the mFI/NGO limited claim settlement authority. Under this, the mFI/NGO can settle claims upto a mutually agreed upon limit, without sending the documents to the insurance company. The insurance company will of course bear the cost of the claim, but the decision about

whether to pass the claim or not will be with the mFI.

This system allows faster settlement of small claims, as the documents do not have to be sent to the insurance company. The insurance company also saves on administrative costs which it would incur in processing these claims.

However, having a limited claim settlement authority places two additional responsibilities on the mFI/NGO.

First, it has to have the administrative apparatus to process these claims.

Second, the responsibility of ruling out fraudulent claims falls upon the mFI / NGO.

iv. **Maximum period for settling claims:** The mFI/NGO and the insurance company can mutually agree upon the maximum time that the insurance company will take to process claims. This will prevent the problem of delays in claim settlement.

### The Importance of Giving Complete Information About the Scheme to Members

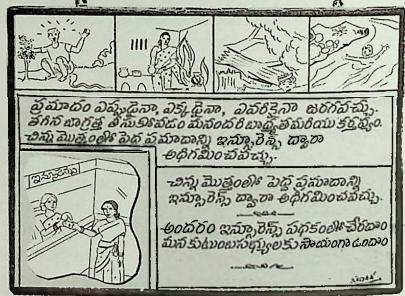
One of the reasons that people do not have faith in insurance companies is because the insurance companies do not always clearly give all the relevant information to the insured persons at the time of buying the policy. Many details of expenses which are not covered under the policy become clear only when a claim is filed.

An mFI which decides to offer insurance services to its members needs to ensure that its members have complete faith in the programme. For this it is very important that the mFI conveys complete information to the members about the scheme. This can be done through trainings and workshops on insurance for the members and leaders.

In addition, members can be given pamphlets with written information about the insurance programme which they can take home with them. Even illiterate women value written information which they can take home. Even if they cannot read, some family member or neighbour can read it to them.

స్పందన సాంఘిక భద్రత పథక వివరాలు	
ప్రమాదం / హాని	ఈ పథకం వలన కలుగు ప్రయోజనాలు
ముందు నెల 50/-	సభ్యురాలు మరణిస్తే 5000/- భర్త మరణిస్తే 2,000/- అన్ని ప్రమాదం సంభవిస్తే 1000/-
రెండవ నెల 60/-	సభ్యురాలు మరణిస్తే 7000/- భర్త మరణిస్తే 2,000/- అన్ని ప్రమాదం సంభవిస్తే 1000/-
మూడవ నెల 75/-	సభ్యురాలు మరణిస్తే 10,000/- భర్త మరణిస్తే 2,000/- అన్ని ప్రమాదం సంభవిస్తే 1000/-
నాల్గవ నెల 100/-	సభ్యురాలు మరణిస్తే 12,000/- భర్త మరణిస్తే 2,000/- అన్ని ప్రమాదం సంభవిస్తే 1000/-
ఐదవ నెల 100/-	సభ్యురాలు మరణిస్తే 12,000/- భర్త మరణిస్తే 2,000/- అన్ని ప్రమాదం సంభవిస్తే 1000/-

పాన తాగిన వాటిలో సభ్యురాలు మరణించిన మదుల సంస్థ వారికి బాకీ ఉన్న మూతాన్ని రద్దు చేసుకోని మిగిలిన మూతాన్ని చిట్టాంబున భర్తలకు ఇవ్వడం జరుగుతుంది.



(EXAMPLES OF TWO POSTERS DEVELOPED BY SPANDANA IN ANDHRA PRADESH)



## Medi Claim Bima Policy - Hospitalisation Benefit Policy

Risk covered	<ul style="list-style-type: none"> <li>- Hospitalization due to disease, accident<sup>1</sup></li> <li>- Medical expenses 30 days prior to, and 60 days after hospitalization</li> </ul>
Who is eligible and Age limit:	<ul style="list-style-type: none"> <li>- Anyone between 5 -75 years of age;</li> <li>- Children between the age of 3 months and 5 years of age can be covered provided one or both parents are covered concurrently</li> </ul>
Who is the policyholder ?	<ul style="list-style-type: none"> <li>- The member - in the case of Individual policy</li> <li>- The organization - in the case of a group policy</li> </ul>
What is the premium rate ?	<ul style="list-style-type: none"> <li>- The premium varies with the insured person's age</li> <li>- Minimum Rs. 175 per member per year for persons under 45 years</li> </ul>
What is the sum insured ?	<ul style="list-style-type: none"> <li>- Minimum sum insured is Rs. 15,000</li> </ul>
Discounts (if any)	<ul style="list-style-type: none"> <li>- For individual policies, family discounts of 10% if more than one family member insured;</li> <li>- Group discounts available depending on size and average age of group members. Minimum group size is 101.</li> </ul>
Who receives the claim amount ?	<ul style="list-style-type: none"> <li>- Individual in case of individual policy</li> <li>- In case of group policy, organization or individual, as agreed upon.</li> </ul>
Claims procedure and documents required for making a claim	<ul style="list-style-type: none"> <li>- Preliminary notice of claim within 7 days of discharge from the hospital (policy number, illness, name and address of attending medical practitioner etc.).</li> <li>- Final claim should be submitted to the company within 30 days of discharge from the hospital, along with receipted bills/cash memos, claim form etc.</li> </ul>
Exclusions	<ul style="list-style-type: none"> <li>- No pre-existing diseases covered.</li> <li>- Childbirth related hospitalization is not covered.</li> <li>- Surgeries for hernia, cataract and hysterectomy are not covered in the 1st year.</li> <li>- No hospitalization within 30 days except in case of accident.</li> </ul>

<sup>1</sup> Hospital is defined as having at least 15 in-patient beds. Minimum stay of 24 hours required in hospital to qualify for claim. This definition may sometimes be relaxed in the case of certain surgeries like cataract, kidney stone removal etc. which require shorter stays due to advanced surgery techniques.

## Jan Arogya Bima Policy

This policy is a variation of the Medclaim Policy described above. It has a lower premium and sum insured to make it affordable for the lower income groups. The other terms and conditions of the Jan Arogya policy are the same as the Medclaim policy.

What is the premium rate ?	Premium varies with the age of the insured person. Minimum Rs.70 for person upto 45 years of age.
What is the sum insured ?	Fixed sum insured of Rs.5000 per person.
Discounts	Discount for group of 101 or more members.

**Floater Policy under the Jan Arogya scheme :** We have given here an idea of the cost of buying a floater policy, under the Jan Arogya scheme. If one member (below 45 years of age) of a five-member family were to buy the Jan Arogya policy, she would pay Rs.70. If the family of five (all members below age 45) wants to buy a floater policy covering all five members the premium may be around Rs.140. This figure of Rs.140 is a rough figure. Exact premium calculations take a number of factors into consideration such as age, number of members covered by the floater policy, health hazards faced by family.

## Innovation for Women's Health Care Needs

SHEPHERD, a microfinance and development institution in Tiruchirapally, Tamilnadu, has been FWWB's partner since 1999. SHEPHERD has promoted 226 self-help groups (SHGs) in 123 villages. These SHGs have been organized into 10 federations which are managed by the women leaders of these federations.

SHEPHERD believes strongly in people-managed institutions, and has invested significantly in building the capacity of the federations' women leaders. In addition to the more common microfinance services of savings and loans, SHEPHERD has been trying out different methods for reducing the vulnerability of the women members through insurance and other innovative programmes.

Currently members of SHEPHERD are offered life insurance through the Life Insurance Corporation of India, and livestock insurance through United India Insurance and New India Assurance Company.

A common crisis faced by SHEPHERD's members is unexpected illnesses, many times leading to hospitalization. Often, members neglect treatment of their own illnesses due to lack of funds. This neglect is compounded by the lack of importance given by women to their own needs. To address this need, SHEPHERD launched a novel **health loan fund**, known as the **Nanya Surabhi Health (Sugam) Loan Fund** in early 2001. The loan fund is managed by the leaders of the SHG federations.

The Nanya Surabhi Health (Sugam) Loan Fund is made up of one-time member contributions of Rs.20 each and a one-time grant. The grant component of Rs.50,000 was provided by FWWB. The member contributions constitute 50% of the total fund.

SHGs can choose whether they want to participate in this scheme or not. However, once an SHG decides to participate, all its members have to compulsorily participate. Thus participation in the scheme is voluntary for the group but not for the individual member.



In the event of a member's illness, she is eligible to borrow up to Rs. 2000 from this fund at 0.5% interest for treating her illness. The loan taken has to be repaid within 12 months. This facility is available only for the women members and not their families. This is because as mentioned above, the specific purpose of this fund is to ensure better health of the women members, which is otherwise neglected.

The procedure for getting a loan is simple. The group members have to sign a group resolution passing the loan, following which the federation releases the loan the same day.

Up to the end of August 2001, 17 women have availed of this facility.



## FEED BACK

We want this **Micro-insurance Infoline** to be a useful document to our readers, particularly to microfinance institutions which are interested in instituting insurance programmes for their members. We would also like this Infoline to be an active forum of information sharing. To help us in this objective, we request you to please fill out the following and send it to us. *(You could simply photocopy the form and mail us the copy).*

1. How did you find the articles in this issue ?

(Please check in one of the boxes)

Very useful [ ] Useful [ ] Not particularly useful [ ]

2. I would like more information on the following:

(Please check against relevant items)

1. specific insurance schemes suitable for the poor [ ]

2. case studies of mfis offering insurance [ ]

3. systems required for running an insurance programme [ ]

4. any other: \_\_\_\_\_

\_\_\_\_\_

3. Comments and suggestions: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Published by

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ASSOCIATION OF ASIAN CONFEDERATION OF CREDIT UNIONS

Celebration  
30<sup>th</sup>  
Anniversary  
1971-2001

**"30 years commitment to credit union development in Asia"**

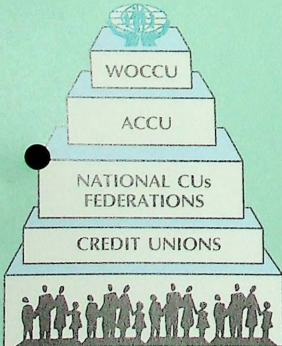
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Credit cooperative/union is people's organization Credit cooperative/ union was organized by Raiffeisen/Schulze in 1864. They were the first people's organization in the world which mobilize savings and provide credit to members. It serves members based on cooperative values and principles translated to business, such as self help for savings and mutual help for credit.



Credit cooperatives/unions mobilize savings. By encouraging savings, credit unions put more emphasis to local savings of the community. Saving is the first habit credit cooperative/union teach. It is the first lesson in household economy and family budgeting. Credit cooperatives/unions provide an institution and a system for small and daily savings. It has given savings a new interpretation, i.e, savings is the first expense from the income. Credit union capacity depends on internal savings.



Credit cooperatives/unions are vertically and horizontally integrated. Credit cooperative/union is integrated vertically and horizontally in the structure. Starting from members at the base, they are incorporated in the national and the regional levels through secondary and apex body of credit cooperative/union federation/league. The national federation/league represents the CU interest and the Association of Asian Confederation of Credit Unions provides a regional forum and development assistance to credit union development. ACCU represents the Asian credit union voice and ideas to International Cooperative Alliance (ICA) and to the World Council of Credit Unions (WOCCU).

Towards Development of People in Asia

*for Seta-Rasmanee  
file  
Thu 30/6/07*





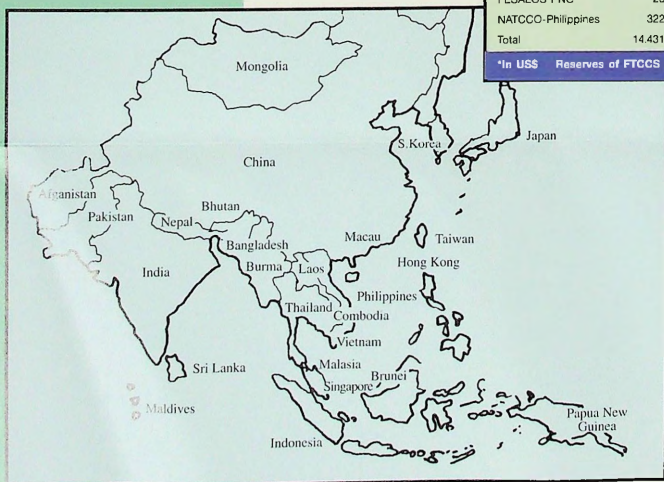
**Credit cooperatives/unions promote democracy.** The credit cooperative/union is a primary school of democracy. Being a democratic organization in itself, members learn democracy by practice. They elect their leaders, debate proposals and approve their budget and development plan. Credit union is owned and managed by members.



**Credit cooperatives/unions develop micro-entrepreneurs** The goal of credit cooperative/union is to improve the socioeconomic status of the members in the community. Credit cooperative/union provides not only credit but also help members to improve their skills and ability in business by providing training on management and coordination of facilities on skills development.

Member Organization	Number of CUs	Individual Members	Shares/Savings/Deposits*	Outstanding Loans*	Reserves*	Assets*
NACUFOK-Korea	1,442	5,000,470	16,449,400,000	8,688,400,000	291,800,000	17,577,200,000
CULHK-Hong Kong	41	60,122	169,217,165	110,074,106	12,473,814	205,606,887
PFCCO-Philippines	238	66,640	5,303,794	4,773,414	143,202	5,446,996
CULROC-Taiwan ROC	362	179,998	506,623,326	429,646,297	52,097,165	638,924,762
JCU-Japan	34	5,161	8,797,653	3,653,329	665,517	8,778,091
CULT-Thailand	645	208,189	91,838,910	82,126,520	8,526,349	100,331,030
CUCO-Indonesia	1,105	252,226	14,793,080	16,779,695	2,035,589	23,218,783
FTCCS Sri Lanka	8,424	905,106	42,509,377	36,659,513	2,835,210	37,900,000
CCULB-Bangladesh	386	91,518	8,358,450	7,529,309	1,016,522	9,374,973
KKP-Malaysia	450	35,000	9,736,842	5,157,894	447,368	10,789,473
FSCT-Thailand	637	1,689,140	6,399,169,015	6,671,576,449	327,755,325	8,295,045,556
NEFSCUN-Nepal	320	36,570	2,780,700	2,539,800	105,300	2,850,000
FESALOS-PNG	25	115,984	151,369,793	98,362,623	7,606,858	164,888,223
NATCCO-Philippines	322	260,820	86,540,000	68,705,000	7,924,000	98,150,000
Total	14,431	8,906,944	23,946,438,105	16,225,983,949	715,432,219	27,179,704,774

\*In US\$ Reserves of FTCCS & JCU as of 1988 Source : ACCU member organizations



Credit unions are tools for personal, social, and national economic development. Credit unions have helped many people to achieve financial security and improve the quality of their lives. In the process towards development of people, they have also helped communities and nations achieve sustainable economic development.





**"A COMMITMENT  
TO VALUE-ADDED  
SERVICES TO  
MEMBERS"**



**Association of  
Asian Confederation of Credit Unions**

ACCU is a trade and development organization for credit unions/cooperatives that represents 10 million individual members from more than 15,000 primary credit unions from 14 national organizations in 12 countries in Asia. ACCU exists for its members. Its value-added services help members achieve their own goals.

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**Our existence is because  
of you...**

*SHC Resource File  
JUL 30/102*

# POST CARD

PLEASE  
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To: \_\_\_\_\_

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*\*Credit unions exist because of members and for the members. Its legendary financial services has given opportunity to more than 10 million people in Asia to grow and sustain.*





ASSOCIATION  
OF ASIAN  
CONFEDERATION  
OF CREDIT  
UNIONS

Celebration

30<sup>th</sup>

Anniversary

1971-2001

September 23, 2001

Hong Kong

*"30 years commitment  
to credit union  
development in Asia"*

**What is a  
Credit Union ?**

SHG Resource File

Jw  
30/5/02

## Credit union

A credit union is a group of people who commit to work together following the cooperative principles and values for their socioeconomic development activities involving savings and credit.

A credit union can be organized in the common bond where members reside, work, or meet. To be a member is the requirement to get access to credit union services. Membership is open to everyone regardless of religion, economic status, ethnic and political affiliations.

A credit union encourages members to save and provides loaning service to members. Its three fold mission: economic, social, and political-entails promotion of democracy and securing of financial stability and social values.

## Purpose of credit union

In 1864, Freiderich Raiffeisen introduced the community type of credit cooperative system. Schulze-Delitzsch introduced the urban type of credit cooperatives/unions. Later, secondary level credit cooperatives/unions were organized to provide support services at the grassroots. The credit cooperative was the first member organization for the rural and urban financing. It provides an organization for the common people to work together on the basis of self-help and mutual-help. It is a

community based financial institution which inculcates the habit of saving and provides credit based on trust and peers thereby doing away with complicated legal documentation and security.

## Mobilizing resources

Among the many activities of a credit union, the first is to mobilize the people in the community to work together to facilitate human capital buildup to make them aware of the socioeconomic problems with an eye to build entrepreneurial skills. The CU pools the backbone in the community to make decisions to use their own resources, with community concern for economic development. The CU is a democratic organization managed by the people for the people.

## Sectoral intervention

The credit union is a non-discriminatory organization, regardless of race, sex, religion, and age. It provides development education for women to take leadership in credit unions and community work. Most credit unions provide exclusive services for women by providing them special loans and savings schemes.

The credit union has developed very special policies and strategies to reach the bottom line members of the community. It gives an opportunity to reach out to the weaker section of the community through micro enterprise start-ups.

The credit union is a community based financial institution with representation from every level to fully meet members need. Credit union is known in different names such as credit cooperative, thrift and credit, savings and loans, and caisse populaire. Credit unions form a national or a regional level organization according to the country law and the need for one. The Asian Confederation provides a regional forum to share the credit union experiences and to build a strong solidarity among credit union movements in the Asia region.

## To be a member

Your membership to a credit union is your passport to a global credit union family membership. All you need is to check whether there is a credit union in your own community or your workplace. Then meet the president or the manager of credit union and apply to become a member. If not you need to contact national organization for credit union and receive instruction to organize a credit union in your community or workplace.

## Asian Developments

The credit cooperative concept was brought to India in 1904, and from there found its way to Asian countries. There found its way to Asian countries. Thereafter, credit cooperative societies were organized under the cooperative law in Asia.



The First rural credit cooperative was started in Thailand in 1916 following the Raiffeisen principle. The modern credit cooperative system was introduced in Taiwan early in 1910. The first thrift and credit cooperative was organized in Sri Lanka in 1909. In 1915, the Philippine legislation enacted the rural credit association law.

## **Birth of ACCU**

The credit/cooperative union revitalization in Asia took place after the first credit union was formed in Pusan in Korea in 1960. Also in Korea the Association of Asian Confederation of Credit Unions was formed on April 28, 1971 with five founding members.

By 2000, the Asian Confederation of Credit Unions represented more than 15 national movements with 9 million individual members in 13 Countries in Asia. ACCU serves its members as a representative body and provides services to strengthen the credit union/cooperative as a financial institution.

ACCU is affiliated to the World Council of Credit Unions (WOCCU-USA), the global organization for the credit unions with affiliate members in more than 87 countries. ACCU is also a member of the International Cooperative Alliance (ICA-Geneva) and the International Raiffeisen Union (IRU-Germany).



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**PANEL DISCUSSIONS ON WTO ISSUES**

on 1/8/03

by CREAT

1. Panel discussion on WTO
2. Inauguration by Mr. Vccrappa Moily
3. Presentation –
  - an agriculture – by Gopal Nayak, Indian Institute of Business Management
  - on services – Dr.Roopa Chand, Indian Institute of Business Management
  - Intellectual property right and access to Medicines – by Dr. Ramakrishna, National Law School of India.
4. Concluding remarks by Mr. Damodharan, Indian Institute of Plantation Management.

Lib - GATS file  
L.  
1/8.



NEUROFIBROMATOSE



HAT VIELE GESICHTER

Informationen  
über

# NEUROFIBROMATOSE

Self Help Group (Patient  
Group) on Neurofibromatosis  
in Germany  
JW  
14/10/83

**NF** VON RECKLINGHAUSEN  
GESELLSCHAFT E.V.

... wir helfen Tumorerkrankten

## wir sind auf dem Weg

### Was ist Neurofibromatose (NF) ?

Die Neurofibromatose (NF) ist eine Erbkrankheit mit sehr unterschiedlichen Krankheitsmanifestationen, von der in Deutschland ca. 40.000 Menschen betroffen sind. Hauptmerkmale der NF1 bzw. des Morbus Recklinghausen sind hellbraune Hautflecken (sogenannte Café-au-lait Flecken) und Neurofibrome. Bei Neurofibromatose manifestiert es sich um gutartige Geschwülste bestimmter Nerven- und Bindegewebszellen. Sie können sich auf der Haut und in jedem Körperteil bilden. Man unterscheidet heute vor allem zwei Formen der Neurofibromatose, die unterschiedlichen Erkrankungen entsprechen:

Neurofibromatose Typ 1 wird verursacht durch Genveränderungen auf Chromosom 17 und weist mindestens zwei der folgenden Merkmale auf:

- Neurofibrome (auch plexiform)
- Café au-lait Flecken (mindestens sechs)
- Skoliosen (Wirbelsäulenverkrümmung)
- Optikusgliome (Tumoren am Sehnerv)
- Irisknötchen (Pigmentanreicherungen auf der Regenbogenhaut des Auges)
- Axillare freckling (Sommersprossenzeichnung)
- Lern-, Leistungs- und Verhaltensstörungen
- Knochenveränderungen

Neurofibromatose Typ 2 wird verursacht durch Genveränderungen auf Chromosom 22 und weist folgende Merkmale auf:

- Akustikusneurinome (Tumoren am Hörnerv)
- (wenige) Café-au-lait Flecken
- Hirntumoren und Tumoren der Wirbelsäule
- Linsentrübung (des Auges)

Bisher kann weder für NF1 noch NF2 eine verlässliche Vorhersage über den Krankheitsverlauf gemacht werden. Es ist auch durchaus möglich, dass Betroffene ohne ernsthafte Anzeichen der Erkrankung Kinder bekommen, die dann schwer erkranken. Bei 50% der Betroffenen wird die Krankheit von einem Elternteil vererbt (autosomal-dominant), bei den anderen 50% tritt sie spontan auf (Spontanmutation). Die Verbreitung der Krankheit scheint unabhängig von rassischen, geographischen oder geschlechtlichen Faktoren zu sein.

### Die Gesellschaft

Die von RECKLINGHAUSEN GESELLSCHAFT E.V. wurde 1987 von Eltern betroffener Kinder, Betroffenen und Ärzten gegründet und ist aus der Selbsthilfegruppe >>Morbus Recklinghausen<< hervorgegangen. Sie ist eine bundesweite Vereinigung von Selbsthilfegruppen, deren Betroffene unter Neurofibromatose leiden. Ihren Namen trägt die Gesellschaft nach dem deutschen Arzt

Daniel von Recklinghausen, der die Erkrankung im Jahre 1886 erstmalig beschrieben hat. Der Verein hat derzeit ca. 1200 Mitglieder und ist in mehr als 20 Regionalgruppen in ganz Deutschland organisiert. Der Sitz der Gesellschaft ist Hamburg.

Auslöser für die Vereinsgründung war seinerzeit die Unzufriedenheit vor allem der Eltern betroffener Kinder, die sowohl die medizinische Betreuung ihrer Kinder als auch die fehlende gesellschaftliche Akzeptanz dieser Krankheit bemängelten. Es standen so gut wie keine Informationsquellen und Beratungsstellen zur Verfügung, von adäquaten Behandlungskonzepten ganz zu schweigen.

So gehörte es zu den ersten und dringlichsten Aufgaben der von RECKLINGHAUSEN GESELLSCHAFT, Informationsmaterial über Neurofibromatose zu veröffentlichen und Informationsveranstaltungen

abzuhalten, auf denen Betroffene und deren Angehörige persönliche Erfahrungen austauschen und mit Spezialisten diskutieren konnten. Bei allen Aktivitäten des Vereins steht nach wie vor die Förderung und Unterstützung von Selbsthilfegruppen im Vordergrund, um zur Erweiterung des Wissens über diese Erkrankung und zur Wahrung der Interessen der Betroffenen beizutragen.

### Ziele und Aufgaben

#### Beratungs- und Informationsangebot für Betroffene

Wichtiges Informationsmedium ist unsere 3x jährlich erscheinende Mitgliederzeitschrift >>NF-Aktuell<< in der Artikel und Diskussionsbeiträge zu neuesten Forschungsergebnissen und Therapiemethoden veröffentlicht werden. Dort finden sich auch Erfahrungsberichte von Betroffenen und Angehörigen. Desweiteren stehen verschiedene Informationsbroschüren zur Verfügung, wie z.B. die Aufklärungsbroschüre >>Das Kind mit Neurofibromatose Typ 1<<, die Eltern bzw. Familien mit betroffenen Kindern bzw. Jugendlichen auf verständliche Weise über die Krankheit informiert und ihnen helfen soll, mit dieser Krankheit umzugehen. Selbstverständlich vermitteln wir den Betroffenen auch fachärztliche und therapeutische Beratung. Darüberhinaus werden täglich viele schriftliche und telefonische Anfragen im Vereinsbüro bearbeitet und Adressen vermittelt.

#### Verbesserung der medizinischen und psychosozialen Betreuung

Neben dem bisher einzigen interdisziplinär geführten Diagnose- und Therapiezentrum in Hamburg unterstützen wir den Aufbau weiterer fachübergreifender Zentren in Deutschland, damit in naher Zukunft der akute Behandlungsnotstand für die Betroffenen beseitigt werden kann.



## **Förderung der sozialen Integration und Kontaktmöglichkeiten unter den Betroffenen**

Wir unterstützen nachhaltig die Bildung von Regional- und Selbsthilfegruppen. Dabei haben wir unsere Aktivitäten auch verstärkt in die neuen Bundesländer gerichtet. Ziel ist es, ein möglichst flächendeckendes Netz von Anlaufstellen aufzubauen.

## **Verbesserte Kommunikationsmöglichkeiten für Blinde und Ertaubte**

Wir sind bemüht, Betroffene mit neuen technischen Hilfsmitteln auszustatten, wie z.B. Faxgeräte für Ertaubte, um ihre Teilnahme am sozialen Leben zu verbessern. Auch bieten wir Unterstützung bei Hörhilfen und dem Erlernen der Gebärdensprache an. Regelmäßig treffen sich die Erkrankten ertaubten Betroffenen zu Erfahrungsaustausch und Kommunikation.

## **Unterstützung von Wissenschaft und Forschung**

Insbesondere unterstützen wir molekular-genetische Labore, die intensiv auf dem Gebiet der Neurofibromatose arbeiten, damit zum einen verlässliche Tests entwickelt werden können, die präzise Diagnosen zulassen, und zum anderen ein gentechnisch orientiertes Therapieprogramm geschaffen werden kann, da nur dadurch eine Heilung dieser Erbkrankheit möglich sein wird. Die genetische Beratung nimmt hier natürlich einen bedeutenden Stellenwert ein. Auch vergeben wir im Rahmen unserer Möglichkeiten Forschungsstipendien, um weitere Erkenntnisse über die Neurofibromatose zu gewinnen. Regelmäßig finden Kongresse für Ärzte und Wissenschaftler sowie Betroffene statt.

## **Gründung des Neurofibromatose-Institutes**

Durch dieses sollen vielfältige Aufgaben wahrgenommen werden. Wir wollen Gastwissenschaftlern aus aller Welt ein Forum für Symposien bieten, damit neue Forschungserkenntnisse zusammengetragen

und in die Praxis umgesetzt werden können. Längerfristig planen wir Fort- und Weiterbildungsmaßnahmen für Fachkräfte aus dem Gesundheitswesen, damit Behandlungsdefizite beseitigt werden können. Wir haben Gästezimmer für Eltern von erkrankten Kindern eingerichtet, die in Hamburg behandelt und ggf. operiert werden müssen. Die aus ganz Deutschland kommenden Familien können so diese Belastungssituation gemeinsam besser bewältigen.

## **Auskünfte über Regionalgruppen in Ihrer Nähe und weitere Informationen über Neurofibromatose erhalten Sie:**

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Sex workers at the cooperative's office

# The Tellers Of Sonagachi

Women in the world's oldest profession get financial security with a bank of their own in Bengal

By ASHIS K. BISWAS

If bad news travels fast, good news certainly doesn't. In recent years, the Durbar Mahila Samannay Committee (DMSC) has brought about major improvements in the lives of Bengal's sex workers. Yet, most people in the City of Joy know little about its work and, more importantly, couldn't care less. This is painfully brought home to visitors looking for the DMSC office in North Calcutta, on the fringes of the red light district. Routine queries generate polite but derisive counters from the locals ("What did you say the address was? Oh, I see...an office, you say [suppressed smirk]? No doubt...people come here on official business only, you know...OK, now take the first right turn and...").

Fortunately, the ambience in the Durbar

Family office off Chittaranjan Avenue is less snide. One steps into a different world, an oasis of understated efficiency against a backdrop of chaos. There are any number of sex workers here, ranging from the hardened ones to kids barely out of their teens. The women confidently look you in the eye as they answer your questions, a far cry from the furtive whispered backstreet conversations. Unknown to the mostly ignorant locals, a quiet social revolution is happening here. The key to the women's newfound resilience lies in organisational power and financial independence. Which is exactly what the DMSC has given them. It has done something unique by South Asian standards, set up the first-ever bank for sex workers, run by the Usha Multipurpose Cooperative Society Limited (UMCSL).

The first efforts on this were made earlier but the bank could only be launched

in 1995, as the state authorities withheld permission on legal grounds. "They didn't know how to react. Here was a bank that had on its board 13 sex workers as directors. Off the record, officials told us that they did not recognise sex workers as a distinct category, nor was there anything in existing provisions to enable the inclusion of such a category. They suggested that the women approach them as housewives but we did not agree. Later, Forward Bloc leader Saral Deb, then a minister in the Left Front government, helped us. The government made arrangements to recognise this category. Finance minister Ashim Dasgupta also helped out. The bank now has 2,300 account holders and Rs 55 lakh by way of capital," says Dr Mrinal Dutta, programme director, Project Sonagachi, another DMSC initiative. With this one major step, the sex





# ROCKY MOUNTAIN SIGH

**I**T is disorienting to return to Delhi after having lived the better part of the last three months in remote, backward villages of eastern India. Those were villages without electricity, running water or even approach roads. You had to leave your car behind, then your motorcycle and finally walk several kilometres to reach the hamlets, where life in the 21 century isn't any different from what it was 2,000 years ago—women bathing in the river, sunshine glinting on their smooth dark skin, children frolicking in the village common, their high-pitched laughter blending with animal sounds, cowherds squatting under shady trees, their gaze stretching into the horizon. Daily rituals unchanged by time. Nothing intrudes here—not politics, not war, not internet. Reaching the nearest cybercafe is a tortuous eight-hour expedition that begins with a trek and ends with a bucking bronco car-ride on a bumpy road guaranteed to displace your spinal discs.

It's a world so different from the wide boulevards of Delhi, a city where time never stands still. Here change escapes you in the blink of an eye. Eyes narrowed open, denizens are constantly on the alert, lest they fail to notice the latest fashion trend, the newest business opportunity, the emerging power broker, the coolest titillation. Stomachs are

full, but there is hunger in the eyes, for money, for power, for fame, for fun. Hunger to make it. Hunger for a new piece of action.

Nowhere is this hunger more visible than in the parties of Delhi's jet set.

"So what's happening in the Delhi party scene?" I ask my friend Kiran.

"Snow parties," she answers.

"Come on Kiran, it doesn't snow in Delhi," I reply.

Kiran looks at me pityingly. I hazard a guess. "Are Delhi's rich and famous now importing snow for their garden parties?" Maybe they create slaloms in their sprawling farms and serve skis

with the barbecue. Ever since the government liberalised the import regime, Delhi hostesses have been importing Japanese orchids, Norwegian salmon, French wine and Belgian crystal just for their parties.

"No. They create little snow mountains on their black marble coffee tables and snort," says Kiran.

"What kind of fun is that, having snow up your nose?" I ask, totally bewildered.

"It's not snow, its cocaine," she replies.

I am stunned. Recovering my senses, I ask: "But didn't all that stop with that big drug bust-up?" After being caught from their snow mountains, the Afghan peddler and his hotelier client are still cooling their heels in jail. Many Delhi socialites, fashion designers and businessmen ran for cover. How can there be snow mountains on tabletops now?

"Oh it stopped for a while. Then the gang regrouped under a new brand name. It's not cocaine bashes, it's snow parties now," says Kiran.

Drugs, drosy, hooch—scandals come and go, but these

illicit businesses go on forever. When the scandal erupts, it shocks. But then it recedes from the front-pages and TV screens, it slips away from people's consciousness and from the radar screens of enforcement officials. And then, it's business as usual once again. The entrepreneurs of doom are more careful, but they still scurry about. Till the next scandal breaks.

Fun has always been the best merchandise in the marketplace but then, fun does not always need middlemen. To my question, what's new in Delhi, party-fiend Arun says: "Swap parties." "Oh, that's nothing new, I've been hearing of swap parties for a decade now and not once have I seen that actually happen." "You go to the wrong parties, my dear," says Arun with affectionate disdain. "Well, in any case there's nothing new about husbands running off with other men's wives," I say scornfully. "Well, now husbands run off with other women's husbands," declaims Arun, shaking with laughter as he watches my shock. "The gay scene has truly arrived in Delhi. It's open, it's frequent and it's all over," says Ritu. "The other day, a gay ambassador threw a party. It turned out to be a conclave of gays. We, the few straight people, were hopelessly outnumbered."



**G**AY diplomatic parties. They were fun before. Now they're puns. Just as "portfolio" no longer refers to investments. They are series of glamorous photographs taken, not by aspiring models, but by executives and entrepreneurs. It is needed for placement in the media. Stylish pictures ensure more space in the glossies, a category in which our all newspapers and magazines now fall into. No wonder the latest fad is to fly in top international "hair designers" to train Delhiites how to style tress to reduce stress. Presumably, half the battle in life is won if you look great.

Delhi, which is "India", wants to be America. And the countryside, which is "Bharat", wants to be India. In modern consumerist India, there's no place for spiritual ascendance to attain moksha. Upward mobility is the mantra of materialism and everybody's on the move. Delhi is speeding, cities are moving, villages are crawling. But in hamlets, time still stands still. There are still no schools, dispensaries or tubewells. Raising cows is still the main occupation. Walking still the only mode of transport. Malaria still kills. People are still illiterate. Stinky rice beer still the only intoxicant. It's a slice of 21st century reality in India that's so unbelievably far removed from snorting cocaine in rolled-up Rs 500 notes, from Punjabis learning Chinese hieroglyphics, from colourfully-packaged Swiss throat lozenges, from the twenty-odd varieties of luxury sedans, from middle-class bazaars stocking Italian pasta and Thai candy, from mutation of professions whereby a bribe-handler is intellectualised and legitimised as a "consultant", from swinging socialites who wake up at noon, by which time hamlet women have already toiled for six hours.

Returning to Delhi is like returning to another planet. ■

(The author can be contacted at [post@anitapratap.com](mailto:post@anitapratap.com))

**"The gay scene has truly arrived. It's open and it's all over. Now husbands run off with other women's husbands."**

workers were able to break the triple whammy the moneylenders, the 'malkins' and local thugs and the police had exerted on the hapless women for ages. "Would you believe it, if a girl received Rs 100 by way of a loan from a local dada, the going interest rate would be fixed at Rs 2 a day, or Rs 750 a year—and yet the principal was not deemed repaid. This is the sort of exploitation they had to face," says social worker Tapash Sur. A recent case was that of Minu, who had to spend a fortnight in hospital for an operation. There being no money at home, she borrowed Rs 100 from a lender who charged Rs 1,500 annually as interest.

**N**O wonder that for twenty-something girls like Mithu Das and Soma Sinha, the bank has given the promise of a new life. Both have accounts in nationalised banks. Yet they prefer the umsc Bank. Why? "Interest rates in cooperative bank deposits are marginally higher and repayment terms less stringent," says Soma, who had taken loans for house repairs and other personal requirements, which she repaid in instalments. Mithu had taken a loan to ensure her brother's education.

There are other subtler reasons why the

girls prefer to operate through the cooperative bank than elsewhere. "To be an account holder here, you have to be a sex worker, or a relative," explains Mithu. Obviously, they enjoy a measure of dignity and acceptability here that they or their relatives would not receive elsewhere.

The bank has daily, monthly and thrift fund deposit facilities, all designed to ensure a secure future for account holders.

Dr Dutta says the society's plans got a headstart through the initiatives of Dr Smarajit Jana, who was associated with Project Sonagachi—targeting AIDS awareness and control among the sex workers in Sonagachi, Calcutta's biggest red light district. The unceasing efforts of the society ensured that only under five per cent of the 60,000 sex workers in Bengal were found HIV positive recently. "This is not a bad performance. Just look at the other states..." says Dr Dutta.

The bank staff also thank Dr Ashok Mitra, the irascible former state finance

minister, for his crackdown on the mushrooming fly-by-night chit funds.

The society does not interfere otherwise, apart from ensuring the women's financial security and driving home through ceaseless campaigns the necessity of using condoms and observing certain medical precautions. It has 66 branches and a membership of around 50,000 women in Bengal. On occasion, it has even organised blood tests for the sex workers, by way of HIV surveillance schemes. For their children, it has set up a cultural wing—Komal Gandhar. It also organises seminars and melas where foreign participants from Asian and other countries

**"The officials didn't know how to react. Here was a bank that had on its board 13 sex workers as directors."**

are invited to speak.

The society has done a lot to restore to these unfortunate souls a measure of honour and dignity. However, it still has its work cut out; reaching out to the more unlucky call girls in the districts and, above all, combating the blinkered prejudice that dominates society's perception of these women. ■

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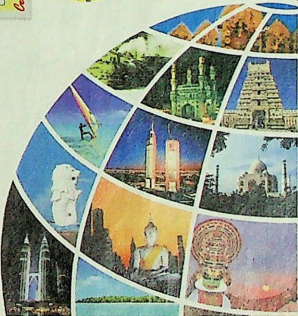
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# St Antony's Cross

His burdens are many: a broke treasury, an obdurate trade union bloc, detractors within and without his party... Will popular support help the Kerala CM pull off his toughest act?

Photographs by T. NARAYAN



## “When the entire state is suffering, state

His cost-cutting measures may have invoked the wrath of government employees. But Kerala chief minister **A.K. Antony** says he has no option but to cut expenditure and bring in reforms to save the state from the financial nightmare it is currently trapped in. Excerpts from an exclusive interview to Outlook:

### What made cost-cutting the only option?

When I took over as CM, I found Indian Airlines wouldn't give me a ticket to Delhi as we owed them money. Everywhere I looked there was debt. Unpaid bills were Rs 6,000 crore. In the last five years the state debt had risen from Rs 10,000 crore to 25,000 crore. The situation was alarming. In the last five years, administrative expenditure has more than doubled—our salary bill in 1995-96 was

Rs 2,200 crore. Now it is Rs 5,018 crore. Even money from central schemes and borrowings from cooperatives were being diverted to wages. I paid December's salary by drawing on the Plan funds for January and February. And January's salary I have paid because of a special allocation by the prime minister.

### Is the public supporting your move?

The public knows the difficulties. No one will support the strike. In the last three or four years, because of the steep fall in the prices of agriproducts—rubber, coffee, arecanut, tea, ginger—farmers here are on the verge of committing suicide. In rubber and tea estates, workers are not getting their salary. Also, there are 44 lakh unemployed youth. So 95 per cent of Kerala is suffering. In such a situation, we told government employees they must make some sacrifices.

**Community Health Cell**

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In The Financial Express, India, June 3, 2004  
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Here Are FOUR News items :-

- GMO-Regulation Related -
- 1 & 2. Swaminathan Panel Submits Its Final Report on GMO Regulations
- 3. Farmers' Organisations Oppose Move To Appoint Dr Swaminathan As Chairman of Farmers' Panel

- WTO-Related -
- 4. India To Gain From Textile Quota Phaseout
- 5. IFPRI Moots Five-Pronged Strategy To Break WTO Talks Deadlock
- 6. Fertilisers Subsidies To Go Up Due To Increase In Global Prices

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MS Swaminathan Panel Favours Autonomous Regulator

Biotech In Farm: The New Matrix

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ASHOK B SHARMA  
OUR ECONOMIC BUREAU

NEW DELHI, JUNE 2: The final report of the MS Swaminathan Committee on applications of biotechnology in agriculture has proposed setting up of an autonomous National Biotechnology Regulatory Authority (NBRA) with two wings, one for food and agriculture sector and the other for pharmaceutical and industrial applications.

46.

The powers of the existing regulator, Genetic Engineering Approval Committee (GEAC) under the Union environment ministry, are sought to be curtailed, limiting its functions only to biosafety and environmental safety, till the NBRA is set up. The panel has suggested that the monitoring and evaluation committee (MEC) should report to GEAC on biosafety and environment safety issues.

The promoter agency, Indian Council of Agricultural Research (ICAR) under

the Union agriculture ministry, should organise testing of genetically



Union agriculture minister Sharad Pawar, who received the copy of the panel report on Wednesday, said, "The secretaries of different departments of both food and agriculture ministries would review the report. After the review we will be able to come to a definite conclusion."

He however said that he is agreeable to any suggestion which would help in ensuring better crop productivity and food security.

The interim report of the Swaminathan panel, the details of which were published in The Financial Express on April 28, had drawn criticisms from several experts like the former regulator for GM crops in US and currently chief of Biologistics International, Sivaramiah (Shanthu) Shantharam who had criticised the recommendations for giving more than due powers to the promoter agency, ICAR, in matters of testing of GM crops.

Experts and NGOs had also raised doubts about functioning of the proposed autonomous regulator.

In this context when questioned to which ministry of the government the NBKA should be attached for financial support, Dr Swaminathan said "this has to be decided by the government." In the interim report it was suggested that the autonomous regulatory authority "could be attached for necessary administrative support to the department of biotechnology", another promoter agency.

The executive summary which was circulated to mediapersons said that the evaluation procedure of GM crops should invite farmers' participation and not that of the NGOs. The farmer and consumer organisations should have complete information on the benefits and risks associated with GM crops. The report called for a special government-sponsored insurance scheme for GM crops and seeds.

Several experts have criticised this move as shifting of the liability from the producers of GM seeds to the government, farmers who pay premium and insurance companies.

The reported suggested testing of GM foods on basis of FAO-WHO guidelines and national food safety guidelines based on the recent report of the joint parliamentary committee on soft drinks and fruit juices. It suggested Rs 1,200 crore additional funds in the next three years for development of all aspects of biotechnology including setting up of biotech parks and autonomous regulatory authority. The report calls for preserving of agro-biodiversity zones and organic farming areas.

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Final Report Of Swaminathan Panel On June 2

[http://www.financialexpress.com/fe\\_full\\_story.php?content\\_id=60344](http://www.financialexpress.com/fe_full_story.php?content_id=60344)

ASHOK B SHARMA  
OUR ECONOMIC BUREAU

NEW DELHI, MAY 31. The chairman of the taskforce on applications of biotechnology in agriculture Dr MS Swaminathan will formally present the panel's final recommendations to the Union food and agriculture minister Sharad Pawar on June 2.

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The panel, which was set up on May 14, 2003, initially proposed that the panel would submit its recommendations within three months. But due to several pressing engagements of the chairman and members, the panel could not submit its report within the slated period. As a result the tenure of the panel was extended to December 31, 2003 and was not renewed further.

As the tenure of the panel was not extended beyond December 31, 2003, the panel submitted its interim report to the government in March, 2004 with an assurance to submit the final report

The interim report proposed setting up of an autonomous agricultural biotechnology regulatory authority, curtailing powers of the existing regulator, genetic engineering approval committee and endowing more than due powers to the promoter agencies like Indian Council of Agricultural Research, the Union agriculture ministry and department of biotechnology, special insurance scheme for genetically modified (GM) crops, no revaluation of transgenes, which are declared biosafe and Codex norms for GM food. Most recommendations of the interim report have been criticised by experts and NGOs

#### Swaminathan's Appointment Draws Flak

[http://www.financialexpress.com/fe\\_full\\_story.php?content\\_id=60549](http://www.financialexpress.com/fe_full_story.php?content_id=60549)

ASHOK B SHARMA

**NEW DELHI, 11 JUNE 2** - The farmers' organisations have resented the appointment of Dr MS Swaminathan as chairman of the National Commission on Farmers.

Incidentally, the opposition to Dr Swaminathan's appointment has come from the farmers' outfits of both the ruling Congress Party and the Left parties.

Union food and agriculture minister Sharad Pawar confirmed on Wednesday that Dr Swaminathan had agreed to preside over the farmers panel.

Speaking to FF, Bharat Krishak Samaj chairman Krishan Bir Choudhary said "the panel is intended for the farmers. The chairman of this body should be a farmer and not a bureaucrat or a technocrat or a scientist."

Bharat Krishak Samaj is the farmers' outfit of the Congress Party.

Mr Choudhary further said, "Farmers can very well understand the problems they face and can themselves suggest remedies."

The general secretary of the Left-dominated All India Kisan Sabha, Atul Anjan said "we have long been demanding setting up of a national commission to be represented solely by farmers. We suggested this to the then PM AB Vajpayee in 2001. As a result the body was set up, but was not adequately represented by farmers."

CPI-M's All India Agricultural Workers' Union joint secretary Smit Chopra demanded that the panel should have representatives of both from the peasants and agricultural labourers. He, however, admitted that Dr Swaminathan has made significant contributions to the farm sector

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#### India To Gain From Textiles Quota Phaseout :ICME

[http://www.financialexpress.com/fe\\_full\\_story.php?content\\_id=60283](http://www.financialexpress.com/fe_full_story.php?content_id=60283)

ASHOK B SHARMA

New Delhi, May 20

The domestic textile industry is of the view that phasing out of quota restriction by the end of the year will be a boon as the country has an integrated cotton production-cum-industry base. Indian exports will be competitive in the global market.

Oxiam International in its study, however, has run down this optimism of the



domestic industry by warning against "back-sliding by rich countries for protecting their clothing sector."

Taking all apprehensions and optimism the common minimum programme (CMP) of the ruling United Progressive Alliance (U.P.A) government has said "the textile industry will be enabled to meet new challenges imposed by the abolition of quotas under international multi-fibre agreement in January 2005. Given its special ecological importance worldwide and within the country, the jute industry will receive fresh impetus in all respects."

Speaking to FF, the secretary-general of Indian Cotton Mills' Federation (ICMF), DK Nair said "when quotas are abolished, the UVR may decline, but not profits. Our exports will become more competitive compared to the currently unrestricted suppliers, who already do not have any quota related costs."

He said that the argument that quota regime insulated us from competition can be judged from the fact that Indian non-quota exports grew by 339.61 per cent in the period 1991-92 to 1999-2000 while the quota exports grew by only 239.57 per cent in the same period.

Citing an example, Mr Nair said that when Sweden abolished all quotas in 1991 our exports to that country rose from Rs 36 crore in 1991 to Rs 162 crore in 1992. It rose to Rs 247 crore in 1993 and Rs 396 crore in 1994. Later when Sweden relinquished quota on joining the European Union in 1995, Indian exports slumped to Rs 230 crore in that year and remained averaging around Rs 208 crore.

He said that growth in Indian exports to Sweden in the quota-free regime was despite the supply by competitors like China.

Mr Nair also said "it need not necessarily mean that once quotas are abolished, our garment exports will register a quantum jump. Abolition of quotas by December 2004 will remove one major impediment from the path of our export growth. But there are many other impediments to be removed."

He said that the extremely limited fabric base and product mix that Indian exporters are using have restricted most of the exports within about 40 per cent of world trade that consists of casual and low-end fashion wear of cotton. India has a strong presence in the market slot consisting of shirts, skirts, dresses, t-shirts. But getting a 10 per cent share of this market slot would take us only to 5 per cent of world trade which we currently hold.

Therefore, Indian exporters need to graduate into remaining 70 per cent

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market without losing hold on the present market slot. There is a need to produce and export regular wear garments and winter wear in large numbers. And for this we need quality fabrics in large slots and with shade consistency, which our powerloom sector cannot deliver, he said.

Mr Nair also stressed the need to diversify into polyester based blends and regular wear and constructed garments like jackets and suits which are highly traded in Western countries, but are rarely exported from India on account of fibre constraints.

Mr Nair also called large organised factories, changes in labour laws, stringent excise regime.

Comparatively the study conducted by Dr Samar Verma and his team on behalf of Crifem International has expressed apprehension about rich countries putting up other barriers to developing countries competition, including charging excessive tariffs. The study says that quotas together with high tariff charges has already affected the developing countries to the tune of \$ 40 billion a year and 27 million jobs.

Oxfam International has expressed concern over the European Union and US readying for a protectionist backlash to claw back the power they would be losing in event of phasing out of MFA quotas. Oxfam also apprehends reinforcing of anti-dumping measures and abate of the rules of origin

IFPRI Wins Five-Pronged Strategy To Break WTO Talks Deadlock

[http://www.financialexpress.com/fe\\_full\\_story.php?content\\_id=60286](http://www.financialexpress.com/fe_full_story.php?content_id=60286)

ASHOK B SIKARMA

New Delhi, May 30

The US-based International Food Policy Research Institute (IFPRI) has suggested 5-pronged strategy to break the current stalemate on WTO negotiations on agriculture.

IFPRI, which is one of the 15 future harvest centres of the Consultative Group on International Agricultural Research (CGIAR), is also of the view that proliferating bilateral trade agreements marginalises developing countries. The only way to make agricultural trade work for the poor is to set the multilateral trading system on its right track.

The study paper 'Making Agricultural Trade Liberalisation Works for the Poor' prepared by the IFPRI director-general, Dr Joachim von Braun, Dr Ashok Gulati and Dr David suggested that immediate action should be taken in five distinct areas to make agricultural markets and trade work for the poor. The developed countries must reduce their farm subsidies and tariffs, developing countries must also open their markets, the Doha Round agreement on agriculture must be substantive, not symbolic, safety and quality regulations should not pose an undue burden on developing country exports and the wealthy nations must provide development assistance to poor countries to complement a trade agreement.

The IFPRI proposal emphasizes an innovative combination of trade policy reform and enhanced development assistance to finance improved market functioning in low-income countries. As per capita income rises and internal markets become increasingly efficient, a country should reduce its

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agricultural trade barriers and subsidies. Similarly, trade-facilitating aid (for example, for roads and other market infrastructure) should be highest for the least developed countries and should shrink with rising income and improved market functioning.

The WTO Secretariat hosted a 3-day public symposium which concluded in Geneva on May 27. The IFPRI director-general, Joachim von Braun presenting his views said, "market and trade reforms have great impact on the food and nutrition security of poor people in developing countries. Therefore, it is critical that the agricultural sector have a transparent, rules-based global trading system that benefits the poor. Unfortunately, agriculture has long been treated as an exception to the rules, as a special case left outside the trade-liberalization process."

IFPRI is the only CGIAR which is engaged in studying policies and economics that impact agriculture across the globe. Unfortunately the CGIAR system is not accorded the status of UN agencies. IFPRI is also not accorded any status by WTO.

New Minister To Toe The Line Of Common Minimum Programme On Fertiliser Subsidies

Paswan Hints At Revamping Urea Distribution

Subsidy Bill Likely To Go Up By Rs 1,000 Cr



ASHOK B SHARMA

New Delhi, May 30

The government has estimated that fertiliser subsidy is likely to go up by at least Rs 1,000 crore due to hefty increases in global prices of imported ingredients used in the manufacture of phosphatic and potash fertilisers in the country.

In the previous year, the total fertiliser subsidy was Rs 11,796.55 crore, including Rs 8,139.55 crore on urea produced in the country, Rs 1 crore on imported urea and Rs 3,656 crore on sales of decontrolled fertilisers like DAP, MOP and SSPs.

India imports phosphoric acid from Morocco, Jordan and South Africa. The suppliers in these countries have formed a cartel raising the prices from \$250 to \$460 a tonne this year.

The potash rock is not available in India and is imported from Central America and Canada. The suppliers of potash rock, too, have formed a cartel jacking up its prices from \$124 to \$160 a tonne.

The Union minister of chemicals and fertilisers, Ram Vilas Paswan is busy discussing this situation with top officials of the ministry and the industry.

"We will arrive at a solution soon," he said and added "if situation so warrants we do not mind raising the subsidy."

He said, "one thing is clear. We want to see the subsidy given passes down to the farmers for whom it is intended. At present, the subsidy amount is

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directly given to the industry with the intention of proper distribution of fertilisers to farmers at affordable rates. We are reviewing this existing mechanism and are likely to streamline the process further in the interests of farmers."

ASHOK B SHARMA

NEW DELHI, MAY 30: The Congress-led United Progressive Alliance (UPA) at the Centre is keen on streamlining the distribution system of urea. It is also exploring the possibilities of reviving the closed fertiliser units, most of which are located in the eastern part of the country.

The Union minister for chemicals and fertilisers, Ram Vilas Paswan, said that he would review the entire situation and see that the subsidies earmarked reach the beneficiaries. The Common Minimum Programme (CMP) of the UPA government has stated: "Subsidies should be made explicit and provided through the Budget...All subsidies will be targeted sharply at the poor and the purely needy like small and marginal farmers, farm labour and the urban poor. A detailed roadmap for accomplishing this will be unveiled in Parliament within 90 days."

At present the distribution of all chemical fertilisers are against subsidies and distribution of the major fertiliser in use, urea is covered under the Essential Commodities Act with both its price and the subsidy amount being determined by the government.

Speaking to FE, Mr Paswan said, "the distribution of fertilisers over the country has not been proper. Fertiliser consumption in the eastern and north-eastern parts of the country is below the national average. Majority of small and marginal farmers are from this part of the country. If the government is to ensure that these farmers get the necessary amount of

equally to all farmers spread across the country."

The plan for urea distribution is prepared twice a year in consultation with the state governments and the industry, one before the kharif season and the other before the rabi season. As per the approved plan for the season, the fertiliser companies are required to despatch the earmarked amount to dealers in different states for distribution. But the major flaw in the law is that the dealers who get licence for operation from the concerned state government are allowed to sell 50 per cent of the fertilisers anywhere outside the earmarked area.

In this connection, Mr Paswan said, "this loophole in the law needs to be plugged at the earliest if the fertiliser subsidy is to be targeted." He also said that the supply plan for different states should be realistic taking into account the needs of the farmers and attempts should be made to reach the needy farmers even in the remotest parts of the country.

Mr Paswan said that taking advantage of the weakness in the distribution system the dealers who are licensed to supply in the eastern part of the country are selling urea to other regions of the country and earning profit.

The additional director in the Fertiliser Association of India (FAI), BC Biswas, when contacted, admitted to this fact.

He also said that there was some problem in distribution in Bihar. He said that the licensed dealers in the state after distributing urea in the past

6/7/04

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seasons have not yet got the certificate of sales from the district collectors which are necessary for reimbursement of subsidy bill. As a result, these dealers have gone slow in distribution of urea.

Mr Paswan also said that he was exploring the possibilities of reopening the closed fertiliser units in the eastern part of the country. These closed fertiliser units are of the public sectors like Hindustan Fertiliser Corporation (HFC) and the Fertiliser Corporation of India (FCI). These units are located in Haldia, Baruni, Durgapur, Sindhri, Talcher and Durgapur. He said, "we will study it on a case-by-case basis and explore the possibilities of reopening these units. Revival package for each may be the same or different, taking into consideration all related factors."

Mr Paswan also did not rule out the possibility of handing over these closed units to the private sector as the CMD has stated, "generally profit-making companies will not be privatised." The CMD has further given the mandate for dealing with the loss-making public sector units saying, "while every effort will be made to modernise and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation." The ball is now in Mr Paswan's court!

Mr Paswan, however, wants to use this mandate to the maximum extent for reviving these units. He said, "One of the reasons for low fertiliser consumption in eastern India is due to the absence any urea manufacturing unit in the region."

"Urea is the main fertiliser in use by farmers. The consumption of other fertilisers like diammonium phosphate (DAP), muriate of potash (MoP) and single super phosphate (SSP) are correspondingly linked to consumption of urea. There are units for manufacture of DAP in Orissa, but the consumption of DAP can only increase if urea consumption goes up."



CHC

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 Sent: Tuesday, September 28, 2004 4:21 PM  
 Subject: EU Farm Reforms & Global Trade

Here Are TWO News Items :-

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1. Europe's Farm Reforms Not Aimed At Removing Trade Distortions
2. India's Food Industry To Grow At 10%

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 FARM FRONT Column in Commodity Watch Page

EU Farm Reforms Will Not Remove Trade Distortions

[http://www.financialexpress.com/fc\\_full\\_story.php?content\\_id=69815](http://www.financialexpress.com/fc_full_story.php?content_id=69815)

ASHOK B SHARMA

Posted online: Monday, September 27, 2004 at 0000 hours IST

The European Union is slated to implement the reforms in its common agriculture policy (CAP) in 2005. The well-worded CAP reforms seeks to protect the interests of the rich farmers in Europe and is in no way a move towards elimination of trade-distorting subsidies.

In addition the revised WTO framework draft designed by Oshima-Supachai combine on July 30 has given legitimacy to the subsidies given by the developed countries.

The CAP reforms which was initiated in 2003 and slated for implementation in 2005 ensured that the level of subsidisation will not undergo change. It has legitimised the amount of subsidy received by a farmer in 2000-02 as his "personal entitlement."

This means that over the period of next ten years, European farmers are entitled to receive the same amount of subsidy as long as he maintains his land or livestock. If he sells or rents out his land, the subsidy will be transferred to the new owner or the tenant cultivator.

The revised Oshima-Supachai draft has permitted direct payments to farmers for undertaking production limiting programmes and also for not producing. It has proposed capping of the Blue Box subsidies to 5 per cent of a country's average total value of agricultural production during an historical period. It is not clear what the historical period means: whether it should mean pre or post Doha or any other period. It simply said that the historical period will be negotiated.

Decoupling of subsidies from production to single point farm payments helps EU in justifying its scheme of shifting subsidies from Blue Box to Green Box. Such a design will enable the EU to show that it is meeting the stipulated norm for Blue Box subsidies at 5 per cent of the average total value of farm output.

The revised Oshima-Supachai framework draft further helps the developed countries by saying: "In case where a member has placed an exceptionally large percentage of its trade-distorting support in the Blue Box, some flexibility will be provided on a basis to be agreed to ensure that such a member is not called upon to make a wholly disproportionate cut." The draft also compliments the role of Blue Box 'in promoting agricultural reforms.'

The CAP reforms seeks to help the rich farmers more than the poor farmers. In 1999, about 56 per cent of EU's farm support was in form of direct payments. Direct payments to small farmers, who constitute 78.6 per cent of the European farm holdings, does not exceed 5,000 euros a year. Not more than 2.2 per cent of the 4.5 million farms receive 40 per cent of the total payments. Thus a handful of rich farmers in Europe receive direct payments of more than 5,000 euros and would continue to receive the same amount over the next 10 years as "personal entitlement."

The Duke of Westminster is an example how rich farmers benefit in Europe. He owns 55,000 hectare farm land in UK, receives direct payment of 300,000 pound sterling and also gets 350,000 pound sterling a year for maintaining 1,200 cows.

In 1999-2000, European farmers who sought retirement at the age of 55 received huge compensatory benefits totalling 793 euros. Translated in rupee terms this amount will work out to Rs 4,362 crore, which is slightly lower than the total subsidy given to 650 million farmers in India. The retirement benefit support for European farmers may be continued in the days to come.

The European Commission is under tremendous pressure from tax payers to justify the continuance of such heavy subsidies.

It is for this reason the exercise in the name of reforms in CAP was undertaken to make certain adjustments to hoodwink the taxpayers to believe that farming is multifunctional and has a role in environment protection. Direct payments to farmers are, however, not linked to environment protection. There are only a small set of rural development measures that calls for an support of 1.2 billion euros a year.

EU's support for environment programmes is on increase. In 1998-99, EU allotted 4,965 million euro for various environmental programmes, which increased to 5,458 euros in the next year. Subsidies for environment programmes in Europe is the highest, followed by Japan, Switzerland and USA and is seven times more than the total farm subsidies in India.

In fact the farm practices adopted in Europe have extensive use of chemical fertilisers and pesticides, leading to ground water contamination and erosion of soil fertility. No wonder, EU is is very keen in subsidising its environment protection programmes.

CAP reforms are meant to hoodwink the European tax payers, and the the poor farmers of the Third World. So also is the revised Oshima-Supachai draft which protects the interests of the developed countries.

Ficci Peps Food & Beverage Growth At 10%

[http://www.financialexpress.com/fe\\_full\\_story.php?content\\_id=69822](http://www.financialexpress.com/fe_full_story.php?content_id=69822)



ASHOK B SHARMA

Posted online: Monday, September 27, 2004 at 0000 hours IST

NEW DELHI, SEPT 26: A study conducted by the Federation of Indian Chambers of Commerce and Industry (Ficci) has estimated a 10% growth in the food and beverage sector in the current fiscal year (till December 2004).

The study has shown positive growth trends both in volume and value terms.

It said that with the changing life styles of the consumers and rising disposal income of the growing middle income group, branded food, health food and convenient food are gaining popularity and the market for these items are growing at 10 to 15%.

Semi-processed foods and ready-to-eat foods are growing by 20%.

This observation of the Ficci study seems to be relating to the urban elite classes and not much to the rural areas which constitute over 70% of the population.

That this observation relates to the urban elite class is clear from the study which says "the unorganised, small players (in the food and beverage sector) account for more than 70% of the industry output in volume terms and 50% in value terms."

It is to be noted, in context, that the country's Planning Commission has made several studies which suggest that food habits of the people are changing from staple cereals to meat, poultry, fruits and vegetables.

But the Planning Commissions studies failed to note that the rural poor in the country, unable to purchase wheat and rice in adequate quantities, were traditionally consuming a mix of fruits and vegetables, fish and poultry and dairy products and are continuing to do so even today.

The change in food habits, therefore, as noted by the Planning Commission's studies again relates to the urban elite class.

The Ficci study noted that Indian food and beverage companies are making a beeline for regional overseas markets in Bangladesh, Pakistan, Nepal, West Asia and CIS countries owing to similar lifestyles and consumption habits.

Some companies have achieved growth by lowering their price points to make their products more affordable to a bigger consumer class.

The Ficci study further states that the sector is witnessing large-scale transformation, spending huge on advertisements, awareness campaign and brand promotion.

Key factors to success are distribution (in rural marketing) and advertising (in urban markets) innovation and launching of new brands.

Big companies have started sourcing their products from local manufacturers and contractors as cost saving measures and to enter the mass consumer segment.

It further said that the market is seeing players like Heinz, Mars, Marico, ConAgra, Pepsi, ITC, Dabur, Ritannia, Cadbury, HJ.J., Pillsbury, Nestle, Amul, Smithkline Beecham. Surya Food and Agro Private Ltd and a host of local manufacturers are offering competition with their established brands on a national scale.

**THE MINISTERIAL  
CONFERENCE IN SINGAPORE  
AND THE DEVELOPING  
COUNTRIES**

**AN INTRODUCTION**

**MYRIAM VANDER STICHELE**

**WTO Booklet Series Volume 1  
Transnational Institute, 8 November 1996**



This booklet introduces the World Trade Organisation (WTO) to interested NGOs, citizens, officials and politicians who were unable to keep abreast of this Organisation. It contains a selection of important issues for developing countries during the Ministerial Conference in Singapore from 9 to 13 December 1996. Readers more familiar with the WTO will find information on the Committee on Trade and Development and the proposed WTO plan of action for the least developed countries.

International trade and the WTO are not popular issues. The regulation of trade by the WTO, however, affects daily life in many ways: consumption quality and choice, employment, economic and social policies, distribution of income and the widening gap between rich and poor. Although the Singapore Ministerial conference will not cover these aspects, the event provides an opportunity to learn about this new powerful organisation.

Ministers and officials claim that the WTO is an instrument for globalisation and a means of maximising opportunities for growth, jobs and reducing marginalisation. This booklet takes a critical view and wants to be a first step for a wider debate on how trade should benefit people. Although many obstacles remain to participation by citizens and NGOs in the WTO decision-making process, it suggests issues for consultation and action.

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## INTRODUCTION: THE FIRST WTO MINISTERIAL MEETING

In January 1995 the World Trade Organisation (WTO) became operational and replaced the GATT (General Agreements on Tariffs and Trade). The main task of the WTO is to implement the trade agreements negotiated in the Uruguay Round (1986-1994). These agreements serve to open markets for agricultural products, industrial products and services (e.g. consultancies, tourism) and to protect the intellectual property rights (e.g. copyrights, designs) of traded goods.

By December 1996, 126 countries apply these WTO rules and tariff regulations (border tax). Many are developing nations. An additional 28 countries are in the process of joining the WTO. Since the WTO covers most economic sectors with very strict regulations, the WTO has an important impact on societies and economic growth in developing countries.

Although trade influences people's consumption and daily practices and the manner in which employment is created or lost, the issue is not popular. The implementation of the trade agreements has gone unnoticed among the majority of politicians, NGOs and citizens. Trade wars between the major trade powers (the European Union, the United States and Japan) have been the driving forces behind the media interest in the functioning of the WTO.

This booklet describes the WTO and the issues at stake for developing countries and their populations when the Ministers of the WTO Member States meet in December 1996.

### **Why the ministers are meeting in Singapore (9-13 December 1996)**

The WTO constitution provides for a Ministerial Conference at least once every two years to ensure that the trade ministers take responsibility for the organisation's functioning and future direction. This Ministerial Conference is the highest authority in the WTO. The Ministers take political decisions on difficult issues and determine new areas of negotiation. The Ministerial Conference is the body with most control over the WTO. The WTO operates outside the United Nations system (in violation of the United Nations charter), where the General Assembly reviews the UN agencies. Citizens of WTO member states hardly have access to the WTO. In 1994 at the ministerial meeting in Marrakesh (Morocco), where the Uruguay

Round was signed, the Ministers agreed to hold the first Ministerial Conference of the WTO in Singapore. During the preparations at the WTO headquarters in Geneva (Switzerland), the meeting was scheduled from 9 to 13 December 1996.

### **The agenda and events at the Ministerial Conference**

During the preparations, which began in 1995, serious disagreements arose over the items that would figure on the Ministerial Conference's agenda. The main discussion was whether the Ministers would focus their energies on assessing the implementation of the WTO regulations or whether they would also determine new issues to be covered by the WTO in the coming years. By 8 November 1996, most difficulties had been resolved through formal and informal WTO mechanisms (see below).

The main items on the agenda are:

- assess the implementation of the WTO agreements and decisions
- decide on further liberalisation, particularly on reducing tariffs on information technology
- review ongoing negotiations
- decide on future discussions, decisions and negotiations in the WTO
- exchange views on trends in the world trade system

This booklet provides a critical explanation of the issues of importance to developing countries and their citizens.

The Ministers will take few if any actual decisions in Singapore. They will adopt reports of the 26 different WTO bodies that have monitored and discussed the implementation and will plan future WTO activities. Each Minister will deliver a speech at the plenary meeting presenting his or her views on the trade system. The implementation problems that have arisen in specific sectors or countries are unlikely to be subjects for open discussions among the Ministers. Developing countries, however, might express their frustration that their WTO commitments have yielded few benefits. At the end of the meeting, the Ministers will issue a general statement about the different issues covered.

The meeting will also provide an opportunity for many informal and bilateral contacts.



At the same time, non-governmental organisations will be able to observe the plenary sessions and to organise parallel activities.

### **How the other WTO bodies function**

The WTO bodies have drafted reports about the successful or unsuccessful implementation of the WTO rules in preparation for the Singapore Conference. Each country had to provide detailed written information ( notification ) about legislative and practical modifications in accordance with the WTO regulations.

As the Ministerial Conference - the highest WTO authority - meets only once every two years, the General Council is in charge of preparing the Ministerial Conference. The General Council performs the functions of the WTO throughout the year.

The General Council is responsible for guiding and taking high-level decisions on the activities of:

- 1. the Council for Trade in Goods,**
- 2. the Council for Trade in Services, and**
- 3. the Council for Trade Related Intellectual Property Rights (TRIPs)**

These councils discuss the implementation of the Uruguay Round agreements and any problems that might arise concerning their particular sector.

These three Councils have committees that address specific problems in greater detail (e.g. the Textiles Monitoring Body) and that conduct negotiations on issues not finalised in the Uruguay Round (e.g. the negotiating Group on Telecommunications).

The General Council is also responsible for separate Committees:

- the Committee on Trade and Development and its Sub-Committee for the Least Developed Countries
- the Committee on Trade and Environment
- the Committee on Regional Trade Agreements
- the Committee on Balance of Payments Provisions
- the Committee on Budget, Finance and Administration

In addition, the General Council reviews:

- the Dispute Settlement Body, which ensures the functioning of the judicial system of the WTO for conflict resolution and breaches of rules in all the WTO agreements. The dispute settlement process embodies a consultation mechanism, a three-member dispute panel that renders verdicts imposing sanctions across sectors, and an appellate body.
- the Trade Policy Review Body, which discusses and publishes regular country reports (the European Union is considered one country) about the respective trade policies, application of WTO commitments and trade liberalisation.

The staff of the WTO Secretariat supports the operations of the different WTO bodies, for instance by preparing documents. The member states have deliberately kept the Secretariat small and have granted this body executive power only. The Director-General is head of staff, chairperson of different WTO bodies and represents the WTO in outside affairs. In theory, he has no mandate to promote issues without the consent of all members.

The meetings of the WTO bodies are open only to the diplomatic and other representatives of all the member states, WTO Secretariat staff and staff from some other intergovernmental organisations (e.g. the IMF, UNCTAD) with observer status. Representatives of the member countries receive their mandates from their ministries. Some of the poorest countries, however, have no representative in Geneva or only a very small delegation and therefore have difficulty participating in the complex WTO system. They have very little awareness of their obligations.

The decision-making process does not conform to democratic principles of transparency, accountability and equity. Many discussions and decisions are reached informally between the ambassadors of a few countries. Informal agreements between the European Union and the United States, sometimes in consultation with Japan and Canada (the Quad) can be decisive if brought into the WTO process.

## IMPLEMENTATION OF THE WTO RULER

The main item on the agenda for the Singapore Ministerial Conference is the review of the implementation and liberalisation as agreed in the Uruguay Round and implemented under the WTO since January 1995.

### The WTO obligations

The area to be reviewed comprises the wide range of obligations negotiated in the Uruguay Round:

- **the agreement on trade in goods:**
  - tariff cuts and liberalisation of industrial products;
  - liberalisation of textile and clothing imports in the industrialised countries over a 10-year period (dismantling the Multi-fibre Agreement - MFA);
  - reform of trade and domestic policies in agriculture (by allowing more imports, and some reduction in government subsidies for export and support to domestic farmers);
  - constraints on investment laws that restrict trade (Trade Related Investment Measures - TRIMs);
  - rules on restricted use of subsidies, safeguard measures (which allow a country to halt imports if an industry is in danger) and anti-dumping (against sales below production cost).
  
- **the agreement on trade in services (GATS):**
  - a series of obligations such as national treatment (foreign services must receive the same treatment as national services) and easily accessible information about laws on services ('transparency');
  - access to and application of the GATS obligations to foreign companies in the service sectors described by a given country in a list;
  - application of special provisions and exceptions for financial services, telecommunications, the movement of natural persons supplying services and air transport services.
  
- **the agreement on trade-related intellectual property rights (TRIPs):**
  - enforcement in all WTO member countries - during a specified period - of copyrights, trademarks, industrial designs, patents, trade secrets etc. registered in one of the member countries;



- application of general WTO principles of national treatment and the most favoured nation clause (MFN) to foreign intellectual property rights.

The enforcement of the above obligations is enacted through the dispute settlement mechanism and the Trade Policy Review Mechanism.

### **The onerous and unequal implementation for developing countries**

The Uruguay Round includes special provisions for the developing and especially the least developed countries. This special and differential treatment is quite limited in scope. It covers exceptions such as longer periods of non-application before adopting the WTO agreements and less stringent obligations than for industrialised countries. Although not all the information is available, the review indicates a relatively low use of those provisions. Where they have been used, their impact remains unclear. Moreover, the non-binding declarations in support of developing countries have yet to be fully implemented (see below).

Notwithstanding the special and differential treatment, developing countries have implemented impressive changes in economic policy. Some governments have experienced restrictions on their national economic development policy instruments as a result of the WTO obligations. For many developing countries, the implementation of the WTO rules has been an enormous burden. Even reporting (notification) on the nature and method of a country's implementation was onerous, not in the least for the understaffed delegations in Geneva. Implementation may prove costly. UNCTAD calculated that Bangladesh will have to spend US\$2 million a year to operate the TRIPs agreement, excluding the preparatory costs.

At the outcome of the Uruguay Round, developing countries already expressed 'a shared lack of satisfaction' because their interests were not fully integrated as the United States and the European Union had successfully done. Many macro-economic calculations (such as those by the GATT/WTO Secretariat) indicated a disproportionate distribution in the annual world gain of US\$ 510 billion projected for the year 2005: 32 % will go the European Union, 24 % to the United States, 5.2 % to Japan and only 22.7 % to all developing countries and countries in transition.

In contrast to the Northern governments, which hailed the Uruguay Round agreements

as important instruments for economic growth, many non-governmental organisations (NGOs) expressed concern that such unbalanced new trade rules providing for rapid liberalisation would not benefit development, the environment or the poor.

In the course of implementing their WTO commitments, developing countries have learned that the few rules they had hoped would benefit them - despite sacrifices in other sectors - have yielded few gains. Examples include the textiles and garments agreement, as well as others explained below.

### What is at stake?

Some developing countries knew they would have gained few concrete benefits in return for their sacrifices. They found it more important to build a multilateral system of trade, based on rules enforced in all countries. They hoped that such a trade regime would get powerful trading nations to stop imposing their interests as they had done in the past (e.g. dumping agricultural products). So far, equal enforcement of the trade rules through the dispute settlement mechanism has yielded mixed results.

The real impact for developing countries still needs to be fully assessed. Some WTO regulations remain to be applied at future dates. Available figures do not identify the operators affected by the gains and losses: are they companies, workers, consumers or governments?

The Ministers at the Conference in Singapore will hardly deal with negative impact of the implementation of the WTO. For the past two years, the North has systematically focused on the opportunities created by the Uruguay Round.

The opportunities, mainly to the major trading powers, indicate the distribution of the benefits:

- In 1995 the United States share of the US\$ 4890 billion of world exports was 15.5 %, and the European Union share was 20 % (excluding internal trade).
- One third of international trade is conducted between affiliates within the same Transnational corporation (TNC). One third of international trade is conducted between TNCs. Liberalisation benefits TNCs by enabling

them to produce and sell in the countries most beneficial to them. Many TNCs have been lobbying during the Uruguay Round negotiations.

- The United States and the European Union have already attributed their interest in trade liberalisation to their desire to increase export possibilities and consequently employment.

The Ministers are likely to agree that the goal of the WTO is total free trade and liability to the WTO rules in developing countries. An open trading system and global integration is considered a means of maximising opportunities for growth and employment and for reducing marginalisation. All countries and sectors must become competitive on the world market. Michel Camdessus, Managing Director of the IMF, concedes that 'markets are merciless. They will not spare anyone who fails to adapt'.

#### **A neglected issue: The negative impact on people**

The Ministerial Conference uses a highly technical method for assessing the WTO. Ministers will exclusively examine the implementation of the WTO agreements without considering their impact on people and on sustainable development.

The preamble to the WTO states that trade relations should be conducted 'with a view to raising standards of living, ensuring full employment' and a 'steadily growing volume of real income' and increasing trade 'in accordance with the objective of sustainable development'.

Reports from some citizen groups in developing countries indicate failure to meet these objectives in some cases.

In South Korea, farmers have discovered that the Uruguay Round obligation of 'minimum access requirement' to import food (1% in the first period, up to 4% after 10 years) is already undermining their domestic production system. The accelerated dependence on imported food is exacerbating the problems of industrialisation for rural development and the environment.

In the Philippines, the WTO agreement to reduce agricultural tariffs has opened up the country further to free entry of many agricultural products, including items



traditionally produced by peasants and previously protected by law. The government's policy is to liberalise faster than agreed in the Uruguay Round. Recently, a tariff bill was passed to remove quantitative restrictions on imports. Lobbying by the US Embassy in Manila and the Cargill grain corporation for the passage of the bill with thinly veiled threats of trade sanctions shows where the benefits lie. The bill has accelerated the rate at which producers are exposed to world market competition. Philippine farmers now experience unfair competition from European Union and especially from United States farmers who have retained indirect subsidies under the Uruguay Round agreements. This practice has undermined the prices of peasant producers. As subsidies were cut for Philippine farmers during structural adjustment programmes, many farmer families have been unable to compete. This problem has resulted in dislocation, further concentration of land, loss of income and a decline in living standards.

The pressure to increase exports and compete on the world market has led the Ramos government of the Philippines to adopt an agricultural development plan to reduce the planting of the basic staple food (rice and corn, which are in short supply) to 65 % of the total hectares. The land freed is to be planted with 'high value export crops'. Small and poor farmers fear that reduced food production, lack of access to food and the drop in farm income will further undermine food security. In the 1995 rice crisis, they saw that rice imports (the basic staple food) especially benefited the cartel of rice traders.

In Ghana, women have noticed that imports are so cheap that they are displacing trade in the informal sector, which is often women's only source of income. Gender analysts question whether women, who are often at a disadvantage (e.g. less training, less access to credit or land, exploitation as cheap labor), will be able to compete in the new trading system and benefit from the opportunities or whether they are doomed to continuing feminization of poverty.

### **Conclusions and call for action**

The WTO Ministerial Conference and the General Council have to make concrete commitments (e.g. via the Trade Policy Reviews) to assess the implementation of the WTO obligations in the light of the objectives outlined in the preamble, with a special focus on full employment and raising standards of living.

## **SPECIAL ATTENTION FOR THE LEAST DEVELOPED COUNTRIES?**

### **Developing countries risk marginalisation**

In the world market promoted by the WTO regulations, all products have to compete with each other. Countries, companies and people need to be competitive to participate and sell their agricultural, industrial or service products. Technology, communications and information, capital and credit, foreign direct investment (FDI), training and education, management, know-how (intellectual property rights), cheap and skilled labour, large consumer markets, adequate support and government infrastructure all contribute to competitiveness in open markets. Developing countries often lack these skills and productive goods. This situation is even more true in the least developed countries (LLDCs), which depend on their cheap labour and a few commodities or products that are marketed at very low rates.

The WTO rules favour the products from the more advanced economies. As LLDCs have not achieved the same level of economic development, official awareness is growing (e.g. at UNCTAD IX) that they run a special risk of being marginalised and being unable to benefit from the WTO trade system.

### **What does the Trade and Development Committee do?**

The WTO Trade and Development Committee (TDC) has discussed ways to help developing countries on the road to integration in the world market and is designing instruments to avoid marginalisation. The trade system and liberalisation of the WTO has yet to be challenged by the needs of economically poor countries and people. The European Union has consistently argued that the TDC should deal with development and trade but with development of trade (i.e. increasing trade by developing countries). Northern governments have stressed the need for capacity building and change in domestic policies to enable developing countries to benefit from the opportunities created by the WTO. They have glossed over the disadvantages. The developing countries have observed the role of trade barriers for their products and processing.

Traditionally, the WTO Trade and Development Committee (TDC) has been responsible for ensuring implementation of the 'special and differential treatment' for the developing and least developed countries in the WTO. In 1995-96, the TDC has become more active and has expanded its scope to include:

- reviewing the impact of the Uruguay Round on developing member countries, especially understanding the WTO obligations and methods for reporting the implementation to the WTO; the talks have not covered the impact on people and the environment.
- discussing why some developing countries had integrated into the multilateral trading system more successfully than others and what conclusions could lead to recommendations for Singapore; no consensus has been reached.
- drafting guidelines for the technical assistance of the WTO to respond better to the needs of each member.

A special Trust Fund for technical assistance by the WTO was created after Norway had provided US\$ 2.5 million. The European Union contributed by financing seminars about the WTO in Lomé Convention countries in Africa, the Caribbean and the Pacific.

The Trust Fund money also financed travel to the meeting of the TDC and its Sub-Committee for the LLDCs because of insufficient participation by developing countries and LLDCs (some have no mission in Geneva).

Intergovernmental organisations such as UNCTAD and the IMF made some contributions during the discussions in their capacity as observers. Citizens and NGOs could not participate, nor were they consulted.

### **Limited Plan of Action for the Least Developed Countries**

In 1994 at the signature of the Uruguay Round, the Ministers adopted the 'Ministerial Decision on Measures in Favour of Least Developed Countries' on a non-binding basis. WTO members can choose from a broad range of measures favouring LLDCs.

In 1995 the WTO Director-General promoted the initiation of a special programme in collaboration with UNCTAD, ITC (International Trade Centre) and the World Bank to increase and diversify trade by African nations. The programme is not progressing smoothly.



At the G7 in Lyon (June, 1996), the Director-General proposed eliminating all tariffs on exports by LLDCs. He received no positive response from the richest countries, although the LLDC share in world trade was less than 0.4 %, totalling not more than US\$ 16 million.

After discussions by the TDC Sub-Committee on the Least Developed Countries about the specific problems and risk of marginalisation facing LLDCs, special measures were considered, particularly with respect to benefiting from the opportunities provided by the Uruguay Round. While various LLDCs had advocated an integrated approach to both their internal (e.g. infrastructure) and external (e.g. erosion of trade preferences, debt) problems, the North preferred to limit its support to measures within the scope of the WTO while encouraging cooperation with other international agencies.

Several proposals for a 'Comprehensive and Integrated WTO Plan of Action' for the LLDCs have been considerably watered down during the preparations. The Ministers are more likely to adopt the following measures related to:

1. The provisions in favour of LLDCs:
  - measures for more effective implementation of the provisions;
  - assistance to LLDCs to meet their reporting obligations regarding implementation of the WTO rules.
  
2. Human and institutional capacity-building:
  - improve technical assistance by the WTO and in coordination with other intergovernmental organisations;
  - promote export diversification to increase the capacity to benefit from WTO market opportunities;
  - WTO members may voluntarily contribute to financing LLDC participation at the TDC meeting.
  
3. Options for improving market access for exports from developing countries, by member countries individually after the Singapore Ministerial Conference:
  - grant preferential duty-free access for LLDC exports;
  - improve access under the WTO agreements, such as in textiles and clothing.

#### 4. Other initiatives:

- assist the accession process for LLDCs who want to join the WTO;
- induce foreign investment to LLDCs as a result of the new trade opportunities of the Uruguay Round;
- make a permanent commitment to preferential duty-free access for LLDC exports ('binding').

#### Conclusions and call for action

- No firm action has been taken to avoid marginalisation of LLDCs in the current trade regime. The measures of the proposed WTO Plan of Action are neither comprehensive nor integrated. The options for improving market access after the Singapore Ministerial Conference will need to be monitored for effective action.
- If an agreement for permanent tariff cuts in information technology is reached in Singapore, Ministers must have the political will to grant the export products of LLDCs duty-free access.
- Sustainable development must become the focus of the Trade and Development Committee's activities and the objectives of trade. Channels for receiving input from the citizens should be designed.

### AGRICULTURAL TRADE AND FOOD SECURITY

#### Agricultural trade reform to continue

Before the Uruguay Round, agricultural production and trade were not subject to multilateral regulation. The consequences were high protectionism in the North and limited export possibilities for the South. Fierce competition for export markets aided by huge amounts of export and domestic subsidies resulted in dumping agricultural surplus in developing countries. Farmers in the importing countries could no longer sell their farm products because their production costs exceeded the price of imports. This situation undermined farming in many developing countries where food production and agriculture remained major sources of employment, and encouraged industrialisation and large-scale production in the North (job losses).

The new rules of the agreement on agriculture under the WTO reduce export subsidies (dumping) and domestic support to farmers and improve market access. No real food security commitment was introduced. Since the reduction measures overlooked the indirect support measures by the United States and the European Union, farmers in the South still face unfair competition because their governments cannot afford such indirect support.

The Uruguay Round commitment by developing countries to import some food (1% of local consumption in the first year, increasing to 4% after 10 years) has already upset farming systems (see above on Korean farmers).

The tariffication obligation meant that different mechanisms of import control and agricultural support had to be transformed into tariffs. This practice leads to higher tariffs - thereby reducing import possibilities - on some agricultural products from the North as well as from the South. The hope is that these tariffs will gradually decrease under Uruguay Round obligations and through future negotiations.

New negotiations toward more market-oriented trade and production in agriculture are scheduled to start in 1999. Several countries have already adopted negotiation tactics. The Ministers will begin preparing the negotiations through analysis and information exchange in 1997. Will food security and the interests of poor countries and poor farmers receive more careful consideration than during the Uruguay Round negotiations, where the United States and the European Union basically negotiated alone?

Case studies of farmers turning to cash crops and buying of food have shown falling income, environmental erosion and raising import bills for the government.

### **The problem with the special measures for food security**

The Food Summit (9-17 November 1996) of the UN Food and Agriculture Organisation (FAO) focused on food security. Many farmers in developing countries and NGOs doubt that the market-oriented agricultural system created by the WTO can guarantee food security. In 1995-96 the consequences of the market vagaries became apparent when food prices increased, and world stocks decreased to their lowest levels in decades: food aid suffered, import bills rose and food imports dropped.



The FAO calculated that from mid 1995 to mid 1996 low-income food importing countries had to spend US\$ 3 billion (US\$ 1.4 billion for Africa alone) more on cereal imports than the previous year (1994). The impact on the poor and hungry are hardly mentioned. Nevertheless, the Food Summit has not challenged the WTO regulations to deal with the aspect of food security and trade.

The Uruguay Round negotiators had accepted that food price increases on the world market might result from the agreed reduction in dumping. The 'Marrakesh Ministerial Decision concerning the possible negative effects of the agricultural reform programme on least developed and net food-importing countries' aimed to ensure that the higher food bill and reduced stocks for importing countries would not cause food shortages or diminished food aid. The main instruments agreed upon were:

- commitment to continued food aid;
- facilitated payment of commercial imports through financial loans from the IMF and the World Bank under existing and new facilities contingent upon agreed structural adjustment;
- better financial terms for foodstuffs (e.g. credit, grants);
- technical and financial assistance to improve agricultural productivity and infrastructure if requested by countries;
- differential treatment in any future agreement on agricultural export credits.

When food prices increased in 1995-96, the WTO member states were unable to agree on the role of the new trade rules, since the weather was also involved, and good harvests brought prices back down again from mid 1996 onwards. The terms of the Marrakesh Decision did not provide for any special support. The Ministers in Singapore will probably simply renew their commitment to the instruments as decided in 1994 without defining indications for using the instruments.

Higher world prices and fewer cheap imports encourage local farmers to produce and sell for the domestic market. This would encourage food self-sufficiency from the world market. These farmers need support in the short term, however, to restart or increase their production.

## Conclusions and call for action

- Food security, eradication of hunger and the interests of poor farmers in developing countries must systematically figure at the heart of the renegotiation of the agricultural agreement scheduled to start in 1999 (preparations to begin in 1997).
- Northern countries have to implement their Marrakesh commitment for the net-food in low-income developing countries and accept that the market vagaries result directly and indirectly from the WTO rules. Measures for increasing production in the South require special support.

### DEVELOPING COUNTRIES UPSET ABOUT THE LACK OF MARKET ACCESS FOR TEXTILES AND CLOTHING

#### How the Uruguay Round dealt with import restrictions

For decades the industrialised countries have limited imports of cheap textiles and clothing through the Multi-fibre Agreement (MFA). Each importing country and the European Union agreed with the exporting countries individually on the amount (quotas) that could be imported per year under the MFA.

The agreements did not avert widespread job losses in the North, thus making textiles a 'sensitive product' and raising strong protectionist measures. The textiles and clothing industry is creating many jobs and increasing income in the South, although the working conditions are often unacceptable.

When the Uruguay Round agreed to eliminate the MFA, developing countries considered its disappearance one of the few advantages they secured. The benefits would not be direct, since the North would accept only a gradual phasing out during a 10-year period with different stages of liberalisation. Even once all textiles and clothing trade ceased to be subject to MFA restrictions, the import tariffs in the North would remain high.

#### Anger over limited increase of market access

The first liberalisation phase lacked any meaningful impact for Southern exports. The list of products to be phased out had been manipulated during the negotiations.

The developing countries felt that the spirit of the WTO deal had been betrayed. They regarded the open declaration by the United States that any meaningful liberalisation would come only at the end of the 10 year period as unacceptable. In addition, developing countries have claimed that the increased use of complex anti-dumping measures and safeguard clauses limits their exports further. This unbalanced implementation is likely to be raised at the Ministerial Conference. By the end of December 1996, however, the Northern countries have to indicate the textiles and garment products they will liberalise in the next phase-out. Early signs suggest that the European Union will continue to provide little increased access.

On the other hand, some smaller producer countries of garments (such as Bangladesh) fear that after 10 years and without quotas - which not only limit trade but also guarantee access - they will be unable to compete with bigger producers and will lose their market share and export earnings. No effective solution is being discussed. Many jobs and incomes are at stake (especially for women), despite the need for improved working conditions.

### **Moves to open up southern markets**

The European Union is trying to limit the impact of the liberalisation in textiles and clothing on European jobs by opening up markets to sell its textiles and garment products in the South. It has negotiated a bilateral process of opening markets for clothing in India, Pakistan and Indonesia. Amid the current preparations for the next phase-out of the MFA under the WTO, the European Union is exploring new market outlets in the South and linking these opportunities to better offers for its phase-out, contrary to the spirit of the Uruguay Round.

### **Conclusions and call for action**

- The Northern countries have to fulfil meaningful implementation of the next phases of the WTO Textiles and Clothing agreement.
- If the liberalisation causes, in South and North, unemployment and job creation involving labour exploitation, discussions must be held on the effects of liberalisation for the entire Uruguay Round package.



## **CITIZENS NOT WELCOME AT THE WTO**

All WTO regulations have been negotiated and implemented without input from groups of the population and non-profit public interest groups. The preparations of the Singapore Ministerial Conference included only a small consultation on the trade and environment committee in September 1996. In Singapore, NGOs will receive a conference room for their activities and access to the plenary ministerial meetings.

### **Access to information restricted**

Article V.2. of the WTO constitution on 'relations with other organisations' states that 'The General Council may make appropriate arrangements for consultation and cooperation with non-governmental organisations'. In July 1996, the General Council adopted a decision on 'Guidelines for arrangements on relations with non-governmental organisations' (NGOs). The procedures will be reviewed and 'if necessary modified' by the General Council two years after their adoption.

These arrangements concern only access to documents and information. NGOs cannot observe meetings. Overall, the decision is a far cry from the rights of NGOs/citizens and UN practices. The agreed access to information is very restrictive. For instance, all background notes by the Secretariat and minutes of meetings by all WTO bodies (except of the Trade Policy Review Body and dispute panels which will be derestricted), including summary records of sessions of the Ministerial Conference, will be considered for derestriction six months after the date of their circulation among the WTO members. Even the agendas of meetings are not supposed to be disclosed beforehand. Once derestricted, the documents will be available only on the Internet.

### **Little consultation**

No formal channels are being established within the WTO for holding consultations or circulating arguments and position papers between the representatives or decision-makers and the general population. Only the WTO Secretariat has to figure more actively in direct contacts with NGOs, for instance through small symposia and informal exchange of papers. Although such means might be useful for exchanging information, they are unlikely to achieve a major impact on the decision-makers. For years, the Secretariat has claimed that its powers are only executive.

Fear of added costs for environmental requirements (e.g. by eco-labelling) has made developing countries very cautious on environmental issues. The South has been little supported in its interest in effective means to stop imports of hazardous products that are prohibited in the country of origin (domestically prohibited goods), the links between environment and market access, and the impact of the WTO patenting system (TRIPs) on bio-diversity. In contrast, the non-governmental regulatory body ISO (International Organisation for standardisation) is taking decisions in the interest of businesses in the industrialised countries.

### To be or not to be ... on the WTO agenda after Singapore

The most serious issue of contention for the Ministerial Conference involves deciding whether the WTO should discuss or negotiate issues other than the ones currently integrated or foreseen in the WTO agreements. This involves major implications.

Most developing countries believe that the Uruguay Round's implementation already requires major efforts without ensuring clear benefits. They object to covering other trade-related aspects that they are unable to analyse. The EU and the United States press that the Ministers consider other economic issues for inclusion among the future responsibilities of the WTO.

The EU strongly advocates drafting multilateral rules to liberalise and protect foreign investment in the framework of the WTO, arguing that clear rules would enable all countries to attract investment. The United States is reluctant because such a process would weaken the upcoming agreement in the OECD. Many developing countries fear a total loss of sovereign control over their economy.

The mostly hotly debated issue is the 'social clause'. Proponents such as the United States and Belgium, as well as some trade unions and NGOs, argue that mechanisms (including trade sanctions) have to be incorporated in trade agreements to safeguard exports from being produced in defiance of basic workers rights as agreed in ILO conventions. Some developing countries and NGOs argue against any linkage between trade and social standards, which they consider protectionist or ineffective. The UN International Labour Organisation (ILO) is likely to remain the primary forum for discussing trade liberalisation and social issues.

Given that a market economy and free trade can function only in the absence of monopolies, cartels or abuses derived from holding big market shares, 'competition policy' also figures on the WTO agenda. At present, no binding regulations prevent monopolistic malpractice (such as price fixing) by large companies on the world market or the acquisition of a large part of a developing country market by a foreign company. Discussions on this issue will need to balance the issue of national competition policy that affects trade, and malpractice internationally.

Other issues discussed during the Singapore preparations include compatibility between regional trade agreements and the multilateral rules of the WTO and the effort to curb corruption providing some traders with unfair advantages over others.

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