



**MINISTRY COOPERATIVE AND SMALL AND MEDIUM ENTERPRISES
THE REPUBLIC OF INDONESIA**

S T A T E M E N T
by
MINISTER FOR COOPERATIVES AND SMEs

Presented at

**THE 10TH ASIA-PACIFIC CO-OPERATIVE MINISTERS'
CONFERENCE**

APRIL 2017, HANOI, VIETNAM

Excellencies,

H.E. Mr. Nguyen Chi Dzung, Minister of Planning and Investment, Vietnam

ICA Board Members,

Distinguished Guest,

Ladies and Gentlemen,

First of all, allow me to convey a very sincere regards from Indonesian delegates to the host country, Vietnam, for such excellent arrangement of this conference and for the hospitality of the people of Vietnam shown to us. It is indeed a great opportunity to participate in this event, the 10th Asia Pacific Co-Operative Ministerial Conference (APCMC).

Previously this conference was scheduled to be conducted in Indonesia in 2016, yet due to unforeseen situation, the venue and the date of the conference then decided to move to Vietnam. Prior to this conference, however, Indonesia hosted Regional Consultation in 2015, participated by High Ranking Officials from the region. The consultation came up with valuable recommendations that worthy to see and consider in this conference.

Excellencies,

Distinguished Guest,

Ladies and Gentlemen

In line with the topic of this Ministerial Conference, Indonesian would like to share its current initiative the so called *Co-operative Reform: Indonesian Strategic Policy in Realizing SDGs*. Under President Joko Widodo administration, it has strongly recognized that the Indonesian co-operative should undertake fundamental reform in response to the current global trend. As a follow-up orders from Mr. President, the Minister of Co-operatives and SMEs launched the Co-operative Reform Programs. Broadly speaking the Co-operative Reform consists of three (3) main components : rehabilitation, reorientation and development or revitalization.

Rehabilitation emphasizes on the need for improvement of the image of co-operatives. Measures taken by the Government includes the structuring of online data updating on co-operatives. Only viable co-operatives are supposed to provide better services to their members and to survive in the challenging environment. The following step is to dissolve or revoke the inactive co-operative, and on the other hand to fully support those active and vibrant co-operatives. Nowadays, there are approximately 200 thousand unit co-operatives, where 58 thousand units of which are categorized as in-active. The government decision to dissolve in-active co-operatives is mandated by co-operative law. Still in the framework of the rehabilitation the great effort is undertaken to intensify the understanding and the implementation of the universal co-operative principles and values.

Re-orientation focuses on the changes in mind set or the pattern of co-operative development orientation from quantity to quality orientation, meaning it has to ensure the establishment of more genuine co-operative. Co-operative institutions are strengthened through various training programs and counseling. Co-operatives are also encouraged to actively adopt evolving appropriate technologies including in the financial aspect. It is expected that co-operatives are capable

enough in providing excellent services to the economic interests of their members.

Development or revitalization which leads to strong business undertaking of co-operatives. Co-operative are to be more active and dynamic to work in its main business activities in the real sector in particular. With the development strategies co-operatives will be able to serves the interests of their members in competitive manner so as to provide greater economic benefits. The real sectors of concern are aligned with SGDs, particularly in the field of agriculture and food safety. Co-operative are encouraged to contribute significantly in fertilizer distribution, marketing, processing, and procurement of rice to meet the national stock. Consumer co-operatives are also encouraged to be able to provide economic benefits in the distribution of goods and services.

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Co-operative Reform, to our understanding, can not be run effectively if there is no sufficient affirmative policies. In the area of financial support, for instant, the Government provide credit for small enterprise (*kredit usaha rakyat*) through **government owned banks** with relatively low interest rate **subsidized by government and guaranteed up to 80 % by Indonesia Credit Guarantee Corporation**. In the last two years, around IDR 100 Trillion (equivalent to US \$ 8 billion) per year disbursed. **The government also encourages viable and big co-operatives to use these model with the subsidized interest rate as well to their members**. Other capital support to promote co-

operative business activities is undertaken through the establishment of Revolving Fund Institution (LPDB) with the low interest rates compared to the commercial banks. Again, this is also expected to spur the growth and the development of co-operatives in capturing the real sector business opportunities.

The task of the Government to foster and develop co-operation in Indonesia is basically to ensure the institution independent of co-operatives, the capability of co-operatives to provide economic benefit to their members, as well as to contribute significantly to national economy. In achieving this mission, under the co-operative reform strategy, the Government hand in hand with co-operative movement under Indonesia Co-operative Council (DEKOPIN) to establish close coordination in the planning process and implementation of enabling programs for co-operatives. DEKOPIN with its management up to the district level discusses the effective implementation of the co-operative reform policy and programs.

The last point that I would like to share is that, in the main time the Government of Indonesia has also submitted the draft or bill of new co-operative law and now it is in the process of discussion with the Parliament. It is targeted that by the end of 2017, the new co-operative law will be enacted to spur the development and growth of co-operatives in Indonesia so that they could significantly also contribute in realizing SGDs.

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Let me end my statement by once again thank ICA as well as the Government of Vietnam and the organizing committee for giving me opportunity to share our experiences in a such important conference.

I do believe, if the government and co-operatives movement could work closely with a clear vision and strong commitment, co-operatives will shape the future of the global economy.

Thank you.

Minister of Cooperative and Small and SMEs
The Republic of Indonesia

AAGN. Puspayoga