

The role of Co-operative Law in promoting environmental Sustainability in Sri Lanka: A Critical Review.

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ABSTRACT

This paper explores the role of cooperative law in promoting environmental sustainability in Sri Lanka. Environmental challenges intensify across the globe, sustainable development has become a key objective for nations including Sri Lanka. The cooperative movement, rooted in social and economic principles which has an unique ability to mobilize communities and resources towards sustainable practices. In Sri Lanka, where cooperatives are integral to sectors like agriculture, fisheries and forestry, the intersection of cooperative law and environmental sustainability is crucial. This paper examines the legal framework surrounding the cooperatives in Sri Lanka, highlighting both its potential and limitations in fostering sustainable development. Through case studies and a review of international best practices, the paper also proposes reforms that can enhance the role of cooperative law in achieving environmental sustainability.

Key Words: Co-operatives, Co-operative Law, Environmental Sustainability.

1. INTRODUCTION

Cooperative Law, which governs the creation and operation of these cooperatives play a critical role in either enabling or hindering their contribution to environmental sustainability. One area where significant potential for promoting sustainability exists is the cooperative movement. Cooperatives, as community-based enterprises founded on values of self-help, solidarity and mutual benefit which provide a powerful platform for local-level initiatives towards sustainability. This article aims to explore the role of cooperative law in promoting environmental sustainability in Sri Lanka. Specifically, it seeks to examine the existing legal framework for cooperatives, identify how it facilitates or obstructs sustainable practices, and propose legal reforms that can enhance the contribution of cooperatives to sustainable development. Cooperatives can contribute to environmental sustainability in several ways such as adopting eco-friendly production practices, promoting the use of renewable energy, supporting reforestation projects, and encouraging responsible consumption.

Objective of the Study

Main Objective.

To explore and evaluate the role of cooperative law in promoting environmental sustainability in Sri Lanka.

Sub-Objectives

1. To examine the existing cooperative legal framework in Sri Lanka and how it addresses (or fails to address) environmental sustainability

2. To examine the current role of cooperatives in promoting environmental sustainability in Sri Lanka
3. To identify the legal gaps and challenges in the cooperative laws that hinder the effective promotion of environmental sustainability by cooperatives.
4. To examine international best practices in cooperative law and their effectiveness in fostering environmental sustainability, drawing lessons for potential application in the Sri Lankan context.
5. To propose legal reforms and policy recommendations that can strengthen the role of cooperative law in promoting environmental sustainability in Sri Lanka.

2. LITERATURE REVIEW

2.1. The Co-operative Model

Co-operatives are enterprises that are owned, controlled and operated by their members who share in the benefits of the organization. This model contrasts with profit-driven business models that often prioritize short-term financial gain over long-term social and environmental well-being. The core principles of cooperatives outlined by the International Cooperative Alliance (ICA), include democratic member control, member economic participation and concern for community, all of which inherently support sustainable development (ICA, 2024). Cooperative entities are driven by the needs and welfare of their members, they are often better equipped than traditional businesses to adopt long-term environmental sustainability goals. Cooperative principles focus on community well-being makes cooperatives naturally aligned with

sustainable practices. Members of these organizations directly benefited from preserving their local environment.

2.2. The Concept of Environmental Sustainability

Environmental sustainability refers the responsible use of natural resources to meet current needs without compromising the ability of future generations to meet theirs. It includes principles like conservation of biodiversity, reduction of pollution and the sustainable management of natural resources. Achieving environmental sustainability requires the participation of all sectors of society, including businesses, governments, and civil society organizations like cooperatives. The cooperative model, when underpinned by an appropriate legal framework has the potential to significantly contribute to the attainment of both national and global sustainability objectives including the Sustainable Development Goals (SDGs) established by the United Nations.

This is especially relevant for SDG 12, which focuses on Responsible Consumption and Production, and SDG 13, which addresses Climate Action. (United Nations, 2015). The cooperative movement grounded in values like concern for community and democratic participation, naturally aligns with the principles of environmental sustainability. The International Cooperative Alliance (ICA) emphasizes that cooperatives must work toward the sustainable development of their communities

Balancing economic viability with social and environmental responsibility (ICA, 2024). For instance, Cooperatives in agriculture can encourage sustainable farming practices such as organic farming, crop rotation, and agroforestry, which help reduce soil erosion, improve biodiversity, and decrease reliance on chemical fertilizers and pesticides

(Martínez-Alier & Muradian, 2015). Similarly, fisheries cooperatives can promote sustainable harvesting techniques such as community-managed fisheries or catch quotas, to prevent overfishing and protect marine ecosystems (Jentoft, 2000). Cooperatives also promote sustainable business models that prioritize responsible resource management and the reduction of environmental footprints. For instance, cooperatives in the food production industry can encourage local sourcing, reduce food waste and support fair trade, all of which contribute to reducing carbon emissions and promoting sustainable supply chains (Paz et al., 2018).

Renewable energy cooperatives which have emerged globally, represent a clear example of how cooperatives can drive sustainability. These cooperatives are not only providing clean energy to communities but are also democratizing the energy sector, empowering communities to take control of their energy futures (Huybrechts & Mertens, 2014). In Sri Lanka, renewable energy cooperatives are gradually emerging, with some rural communities adopting solar power initiatives to reduce their reliance on non-renewable energy sources.

2.3. Cooperative Law in Sri Lanka

2.3.1. Historical Background and Development of Cooperative Law

The Cooperative movement in Sri Lanka dates back to the British colonial period with the first cooperative society being established in 1906. The *Credit Cooperative Societies Ordinance of No.07 of 1911* laid the foundation for the cooperative sector, allowing the formation of cooperative societies for various purposes. The *Cooperative Societies Act No. 05 of 1972* became the main legal instrument governing cooperatives in Sri Lanka, supplemented by subsequent amendments and regulations

since 1911. This law outlines the formation, registration and functioning of cooperatives, auditing, liquidation, surcharges, power of the commissioners of cooperative development, bylaws, investigation, book keeping, rights of the members of the cooperative societies etc., focusing on the economic and social welfare of their members.

The *Cooperative Societies Act No. 05 of 1972* is the main legal framework that governs the formation and operation of cooperatives in Sri Lanka. It defines the legal basis for the registration, regulation, and management of cooperatives, which are overseen by the Department of Cooperative Development at the national and provincial levels. Cooperatives in Sri Lanka operate in various sectors including agriculture, fisheries, retail and banking. This each sector governed by specific rules and regulations under the broader cooperative law rather than the provincial charters have been enacted to regulate the cooperative societies provincially and separate departments of Cooperative development have been established to oversee and enable the above-mentioned laws.

And also, each cooperative society has a unique set of by-laws and working rules which indicate the legal background of the internal workings of the society.

2.3.2. Gaps in the Legal Framework

The cooperative law in Sri Lanka provides a solid foundation for the formation and regulation of cooperatives, it lacks explicit provisions for promoting environmental sustainability. Key gaps in the legal framework include.

- **Lack of Environmental Provisions:** The law does not mandate cooperatives to adopt environmentally sustainable practices, even

in sectors with significant environmental impacts, such as agriculture and fisheries.

- **No Incentives for Green Practices:** There are no legal provisions that provide incentives for cooperatives to engage in environmentally friendly activities, such as renewable energy projects, waste management or sustainable agriculture.
- **Limited Oversight and Enforcement:** Although cooperatives are subject to government oversight, the current regulatory framework does not include mechanisms for monitoring or enforcing environmental standards within cooperative societies.

These gaps highlight the need for reforms that integrate environmental sustainability into the cooperative legal framework.

2.4. The role of cooperatives in environmental sustainability in sri lanka.

2.4.1. Agricultural Cooperatives and Sustainable Farming

Agricultural cooperatives play a crucial role in Sri Lanka's rural economy, providing support to small-scale farmers in terms of access to inputs, credit and markets. Many agricultural cooperatives have the potential to promote sustainable farming practices, such as organic farming, water conservation, and soil management. However, the current legal framework does not require agricultural cooperatives to adopt sustainable practices. Although some cooperatives have voluntarily embraced sustainability initiatives, the absence of legal incentives or requirements limits the widespread adoption of environmentally friendly practices.

2.4.2. Fisheries Cooperatives and Marine Conservation

Fisheries cooperatives are essential for the livelihoods of small-scale fishers in Sri Lanka. These cooperatives can contribute to marine conservation by promoting sustainable fishing practices such as limiting overfishing, protecting marine habitats and reducing bycatch. For instance, the Kalpitiya Fisheries Cooperative has worked with environmental NGOs to establish community-managed fishery zones, which help preserve fish stocks and protect biodiversity (Fernando, 2019). Despite their potential, fisheries cooperatives operate in a legal framework that does not prioritize environmental sustainability. Cooperative law does not require fisheries cooperatives to adopt conservation practices, nor does it provide incentives for sustainable fishing. As a result, many fisheries cooperatives continue to engage in practices that contribute to overfishing and marine degradation.

2.4.3. Eco-Friendly Entities and Renewable Energy Cooperatives

In recent years, there has been a growing interest in eco-friendly enterprises and renewable energy cooperatives in Sri Lanka. These cooperatives promote the use of renewable energy sources, such as solar and wind. These societies contribute to reducing the country's reliance on fossil fuels. For example, the *Renewable Energy Cooperatives* can successfully implemented the solar energy projects in rural communities, providing clean energy while reducing green house gas emissions. However, the cooperative law in Sri Lanka does not provide specific support for renewable energy cooperatives. There are no legal provisions which encourage the formation of such cooperatives or provide financial incentives for renewable energy projects. This limits the ability of

cooperatives to expand their role in promoting clean energy and reducing the country's carbon footprint.

2.5 International perspectives on cooperative law and environmental sustainability

2.5.1. Cooperative Law in other countries

Several countries have integrated environmental sustainability into their cooperative laws namely,

- **Spain:** Spanish cooperative law includes provisions that encourage cooperatives to adopt environmentally sustainable practices. Cooperatives in sectors such as agriculture and energy are incentivized to invest in green technologies through tax breaks and government grants (Cabrera, 2018).
- **Kenya:** The Cooperative Societies Act was amended to include specific provisions for environmental sustainability. Agricultural cooperatives are required to adopt sustainable farming practices, and cooperatives involved in renewable energy are eligible for government subsidies (Mwangi, 2020).
- **Canada:** The Canadian Cooperative Association has developed guidelines for cooperatives to incorporate environmental sustainability into their operations. Cooperatives that meet sustainability criteria are eligible for financial support and recognition from the government (Smith & Wilson, 2019).

These examples demonstrate how cooperative law can be used to promote environmental sustainability and provide a model for reforming Sri Lanka's legal framework.

2.5.2. The Role of international organizations

International organizations such as the International Labor Organization (ILO) and the International Cooperative Alliance (ICA) have emphasized the importance of incorporating sustainability into cooperative practices. The ILO's Recommendation No. 193 on the promotion of cooperatives encourages governments to create legal frameworks that enable cooperatives to contribute to sustainable development (ILO, 2002). Similarly, the ICA has called for cooperatives worldwide to adopt the principles of sustainability in their operations (ICA, 2024).

03. METHODOLOGY

The main aim of this study is to explore the role of Cooperative Law in Promoting Environmental Sustainability in Sri Lanka as a documentary retrieval. The nature of the study was oriented to explorative nature other than qualitative or judgmental nature. With that purpose the researchers conceptualized this study as a qualitative study grounded on the interpretivism research philosophy. This study examines the considerable number of research articles and documents from various databases such as Google Scholar, Cooperative journals, books and articles written by experts in the field. In order to address the research objectives, Content analysis was employed to screen and condense the data for interpretation. Thematic analysis used to identify the data patterns and summarized themes according to the constructed objectives.

04. DATA ANALYSIS

Objective 01: To examine the existing cooperative legal framework in sri lanka, particularly how it addresses (or fails to address) environmental sustainability.

Sri Lankan cooperative legal framework, primarily defined by the Cooperative Societies Act No. 05 of 1972 and its amendments, does not Directly address environmental sustainability. The cooperative movement, historically shaped by government policies, focuses on economic development through thrift, credit, and consumer cooperatives, leaving environmental considerations largely out of its core mandates. Moreover, Provincial councils can introduce their own cooperative statutes, the framework still reflects older principles that prioritize economic activities over sustainability.

The outdated regulatory structure poses challenges which cooperatives require government approval for operational changes, limiting their capacity to innovate or pursue sustainability initiatives independently. Furthermore, the absence of dedicated funding or incentives for sustainable cooperative ventures adds to the constraints on promoting environmentally aligned activities through these organizations.

The Cooperative identity principles which could encourage sustainable practices, have not been integrated into the national framework since the last amendment in 1992. Additionally, only a few provincial councils have updated their cooperative laws and no unified national strategy links cooperatives with environmental objectives. Legal reforms are recommended to enable cooperatives to operate with more flexibility and incorporate modern sustainability goals into their operations, particularly given Sri Lanka's pressing environmental challenges. This analysis

highlights the need for legislative updates that align with both cooperative development and sustainability objectives, fostering a more supportive environment for eco-friendly initiatives within the sector.

Key Themes

1. **Outdated Legal Framework:** The Cooperative Societies Act of 1972 and its amendments prioritize economic activities over environmental sustainability, with limited modernization to incorporate sustainability principles.
2. **Decentralized and Inconsistent Regulation:** Provincial councils can enact their own cooperative laws, but updates have been sparse, leading to a fragmented and outdated regulatory environment.
3. **Operational and Financial Constraints:** Cooperatives require government approval for operational changes, limiting their independence and innovation. The absence of dedicated funding or incentives further hampers sustainable initiatives.
4. **Neglect of Cooperative Identity Principles:** National policies have not integrated cooperative identity principles that could promote sustainability, with the last major amendment occurring in 1992.
5. **Need for Legal and Policy Reforms:** The lack of a unified national strategy linking cooperatives with sustainability objectives underscores the need for legislative changes to align cooperative development with modern environmental goals.

Summary of objective 01

Sri Lanka's cooperative legal framework, shaped by the Cooperative Societies Act of 1972 and outdated principles, emphasizes economic development over environmental sustainability.

The decentralized approach, with limited updates by provincial councils, results in inconsistent regulations that restrict cooperatives' innovation and ability to pursue eco-friendly initiatives. The lack of funding, incentives, and integration of cooperative identity principles further hinders progress. To address these issues, legal reforms are necessary to modernize the framework, align cooperatives with sustainability objectives, and support eco-friendly practices amidst Sri Lanka's environmental challenges.

Objective 02: To examine the current role of cooperatives in promoting environmental sustainability in Sri Lanka.

Cooperatives in Sri Lanka play a significant role in promoting environmental sustainability by supporting sustainable agricultural practices, advancing renewable energy initiatives, and encouraging eco-friendly community-driven projects.

1. Sustainable Agriculture and Organic Farming

Agricultural cooperatives facilitate organic farming by providing small-scale farmers with organic seeds, bio-fertilizers, and natural pesticides. These cooperatives reduce production costs through bulk purchasing and help farmers transition from chemical-intensive methods to sustainable practices. Additionally, they promote agroecology, where mixed farming systems integrate crops and livestock to reduce resource dependency.

This shift benefits both environmental conservation and local food security and encouraging more farmers to adopt sustainable practices (United Nations Development Programme, 2023).

2. Women's Participation and Community Development

Many women-led cooperatives focus on organic farming and environmental conservation, integrating sustainable resource management into agricultural activities. Their work enhances local biodiversity and promotes practices like agroforestry and water conservation. These efforts not only ensure sustainable food production but also empower women economically by linking them to organic markets (United Nations Development Programme, 2023).

3. Renewable Energy and Green Recovery

As part of Sri Lanka's commitment to sustainable development under the UN's 2030 agenda, cooperatives too play a role in promoting renewable energy. The government, along with community organizations, encourages cooperatives to support energy transition projects such as community-based solar and biomass initiatives. These contribute to reducing the country's dependence on fossil fuels, promoting energy access in rural areas, and aligning with national climate action goals (United Nations Development Programme, 2023).

The cooperative movement thus contributes to Sri Lanka's sustainability goals by fostering green recovery, supporting organic agriculture, and enabling the transition towards renewable energy. These initiatives align with the Sustainable Development Goals (SDGs) and reflect the growing importance of community engagement in achieving long-term

environmental resilience amidst the country's economic challenges (Sustainable Development Council of Sri Lanka, 2024).

Key Themes

The text highlights the significant role of cooperatives in Sri Lanka in promoting environmental sustainability with key themes focusing on.

1. **Sustainable Agriculture and Organic Farming:** Agricultural cooperatives support small-scale farmers by providing organic resources and promoting agroecology, shifting from chemical-intensive methods to more sustainable practices. This helps with environmental conservation and local food security.
2. **Women's Participation and Community Development:** Women-led cooperatives are crucial in integrating sustainable farming practices, including agroforestry and water conservation, and they empower women economically by connecting them to organic markets.
3. **Renewable Energy and Green Recovery:** Cooperatives are involved in community-based renewable energy projects, such as solar and biomass initiatives, which reduce dependency on fossil fuels and contribute to rural energy access, aligning with Sri Lanka's climate goals.

Summary of objective 02

Sri Lanka's cooperatives play a pivotal role in fostering environmental sustainability by supporting organic farming, empowering women and promoting renewable energy, contributing to the country's long-term sustainability and the achievement of global sustainability goals.

Objective 03: To identify the legal gaps and challenges in the cooperative laws that hinder the effective promotion of environmental sustainability by cooperatives.

Legal gaps and challenges in Sri Lanka's cooperative laws hinder efforts to integrate environmental sustainability effectively. These challenges arise from structural, procedural and institutional issues.

1. Limited Environmental Mandates in Cooperative Frameworks

Sri Lankan cooperative laws, such as the Cooperative Societies Act, are primarily focused on economic and social welfare goals, with minimal emphasis on environmental sustainability.

Cooperatives often lack explicit mandates or incentives to adopt green practices, reducing their capacity to integrate sustainability initiatives systematically.

2. Fragmented Governance and Overlapping Regulations

Environmental efforts by cooperatives face challenges due to fragmented institutional responsibilities between sectors such as forestry, wildlife, and agriculture. This lack of coordination across legal frameworks can result in inconsistent environmental policies and ineffective collaboration between cooperatives and environmental agencies.

3. Regulatory Barriers and Compliance Costs

Cooperatives may struggle to comply with various environmental regulations because of the absence of streamlined procedures.

Regulatory burdens, including licensing and environmental permits, may discourage cooperatives especially smaller ones from pursuing eco-friendly activities due to the increased costs and administrative hurdles.

4. Lack of Financial and Technical Support

Existing cooperative laws do not provide clear mechanisms for accessing environmental grants or green financing. Additionally, cooperatives often lack access to technical expertise in sustainable practices, which limits their ability to implement eco-friendly strategies at scale.

5. Weak Incentives and Policy Support

Although sustainability aligns with Sri Lanka's broader development goals, specific legal provisions to reward cooperatives for sustainable practices are missing. Without financial incentives or tax breaks, cooperatives may prioritize short-term economic gains over long-term environmental sustainability.

Addressing these challenges would require legal reforms to integrate environmental objectives into cooperative mandates, ensure cross-sectoral coordination, and provide technical and financial support systems that encourage sustainable practices.

Key Themes

The key themes of the text revolve around the challenges Sri Lanka faces in integrating environmental sustainability into its cooperative laws. The central issues highlighted are,

1. **Limited Environmental Mandates:** Current laws focus on economic and social welfare but lack provisions for encouraging environmental sustainability.
2. **Fragmented Governance and Overlapping Regulations:** Institutional disarray and lack of coordination among sectors like forestry, wildlife, and agriculture hinder effective environmental policy implementation within cooperatives.

3. **Regulatory Barriers and Compliance Costs:** Complex and costly environmental regulations deter cooperatives, especially smaller ones, from adopting eco-friendly practices.
4. **Lack of Financial and Technical Support:** Cooperatives face difficulties accessing green financing and technical expertise needed to implement sustainable practices.
5. **Weak Incentives and Policy Support:** Absence of incentives, such as tax breaks or financial rewards, reduces the motivation for cooperatives to focus on long-term environmental goals.

Summary of objective 03

The text outlines the legal gaps and challenges within Sri Lanka's cooperative laws that prevent the effective integration of environmental sustainability. These challenges include a lack of environmental mandates, fragmented governance, regulatory barriers, insufficient support systems and weak policy incentives. Legal reforms are necessary to address these gaps and encourage cooperatives to adopt sustainable practices.

Objective 04: To examine international best practices in cooperative law and their effectiveness in fostering environmental sustainability, drawing lessons for potential application in the Sri Lankan context.

International best practices in cooperative law can serve as valuable models for fostering environmental sustainability, especially for countries like Sri Lanka. Here are some key examples and their effectiveness.

1. Double Materiality Principle

The Johannesburg Stock Exchange (JSE) in South Africa implements a double materiality approach in its Environmental, Social and Governance (ESG) disclosure guidance. This means that organizations must disclose not only how environmental issues affect their financial performance but also how their activities impact the environment and society. Such frameworks encourage cooperatives to consider broader environmental and social implications in their operations.

2. Sustainable Development Goals (SDGs) Alignment

Many countries have begun linking their cooperative laws and guidelines to the UN SDGs. For instance, Brazil's securities regulatory framework encourages companies to report on their contributions to the SDGs.

This alignment drives cooperatives to integrate sustainability into their core objectives, ensuring that they contribute to global sustainability efforts while also benefiting local communities. Also examples for the prevalence of energy cooperatives can be well defined at Argentina, Brazil, Canada, Bolivia, Denmark, Philippines, and USA (ILO,2013).

3. Robust Disclosure Frameworks

Countries like China have developed specific guidelines for environmental information disclosure among financial institutions. These guidelines require reporting on environmental risks and impacts, which fosters greater transparency and accountability in operations. Such practices ensure that cooperatives are aware of their environmental footprint and can make informed decisions.

4. Cooperative Approaches under Article 6 of the Paris Agreement

The Article 6 of the Paris Agreement recognizes that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity. The principles outlined for cooperative approaches emphasize that activities must positively contribute to sustainable development.

This includes preventing negative environmental impacts and ensuring activities are consistent with national sustainable development strategies. Such guidelines can inspire cooperatives in Sri Lanka to adopt practices that not only aim for economic viability but also prioritize environmental health.

5. Regulatory Flexibility

Some cooperative laws provide regulatory frameworks that encourage innovation and adaptation to local environmental conditions. For example, cooperatives in countries like Kenya and South Africa are adapting sustainable agricultural practices through flexible governance structures that allow for local adaptation. This kind of flexibility can lead to increased resilience against climate change impacts.

Key Themes

1. **Double Materiality Principle:** Emphasizing disclosure of both financial and environmental/social impacts of cooperative activities.

2. **Alignment with Sustainable Development Goals (SDGs):** Integrating cooperatives' operations with global sustainability objectives.
3. **Robust Disclosure Frameworks:** Mandating detailed environmental risk reporting to ensure transparency and accountability.
4. **Cooperative Approaches under the Paris Agreement:** Promoting sustainable development through voluntary international cooperation.
5. **Regulatory Flexibility:** Encouraging innovation and adaptation to local environmental needs through adaptable governance structures.

Summary objective 04

International best practices in cooperative law highlight innovative frameworks for promoting environmental sustainability. These include principles like double materiality, requiring organizations to disclose both financial and environmental/social impacts, and aligning cooperative operations with the UN Sustainable Development Goals (SDGs). Robust disclosure frameworks foster transparency, while cooperative approaches under the Paris Agreement emphasize sustainable development and adherence to national strategies. Regulatory flexibility further enables cooperatives to innovate and adapt to local conditions, enhancing resilience to climate challenges. Together, these practices provide valuable insights for countries like Sri Lanka to integrate sustainability into cooperative governance.

Objective 05: To propose legal reforms and policy recommendations that can strengthen the role of cooperative law in promoting environmental sustainability in Sri Lanka.

To strengthen the role of cooperative law in promoting environmental sustainability in Sri Lanka, several legal reforms and policy recommendations can be considered.

1. Comprehensive Legal Framework

There is a pressing need for a modernized cooperative legislation that incorporates current cooperative principles and practices, reflecting the evolution of the cooperative sector since the last significant amendment in 1992. The new framework should be inclusive of various types of cooperatives and align with the Cooperative identity statement (1995).

2. Incorporation of Environmental Standards

The new cooperative law should explicitly incorporate environmental sustainability standards. This could include mandating cooperatives to adopt sustainable practices and to report on their environmental impact as part of their operational requirements.

3. Capacity Building and Support

Government policies should include capacity building programs aimed at educating cooperative members on sustainable practices and the benefits of environmental stewardship. This could involve partnerships with NGOs and international organizations that specialize in sustainability.

4. Decentralization and Autonomy

Encourage provincial councils to develop their cooperative laws tailored to local environmental needs while maintaining a cohesive national framework. This would allow for region-specific solutions to

environmental challenges, fostering greater innovation and accountability at the local level.

5. Funding Mechanisms

Establish a dedicated fund for environmental projects within cooperatives, which could support the transition to sustainable practices. This fund could be sourced from both government allocations and private sector partnerships.

6. Monitoring and Evaluation

Implement a robust framework for monitoring the environmental performance of cooperatives. This could involve creating a system for regular audits and assessments that incentivize cooperatives to meet environmental sustainability benchmarks.

7. Public Participation and Stakeholder Engagement

Ensure that the process of reforming cooperative laws is participatory, involving stakeholders from various sectors, including environmental experts, cooperative members, and civil society. This collaborative approach can enhance the relevance and effectiveness of the new legal framework.

8. Incentives for Sustainability

Create incentives for cooperatives that successfully implement environmentally sustainable practices. This could include tax breaks, recognition programs, or access to grants that support innovative environmental initiatives. These reforms could position cooperatives in Sri Lanka as pivotal agents for environmental sustainability, aligning their operations with national sustainability goals and enhancing their contribution to the economy and society. For more information on legal reforms and cooperative sustainability, consider exploring resources from

organizations such as the International Co-operative Alliance and the Centre for Policy Alternatives.

Key Themes

1. **Modernized Legal Framework:** The need for updated cooperative laws reflecting modern principles and practices.
2. **Environmental Integration:** Incorporation of environmental sustainability standards in cooperative operations.
3. **Capacity Building:** Education and training for cooperative members on sustainable practices.
4. **Decentralization:** Localized laws that address specific regional environmental challenges while maintaining national cohesion.
5. **Funding Support:** Establishment of dedicated funds for sustainable projects within cooperatives.
6. **Monitoring and Evaluation:** Robust systems for tracking and incentivizing environmental performance.
7. **Stakeholder Engagement:** Inclusive participation from various sectors in reform processes.
8. **Incentives:** Provision of benefits to cooperatives adopting environmentally sustainable practices.

Summary of objective 05

To enhance environmental sustainability in Sri Lanka, cooperative law reforms should include a modern legal framework aligned with global principles, explicit integration of environmental standards, and capacity-building initiatives to educate members. Decentralization could empower local solutions while maintaining a cohesive national strategy. Dedicated funding, robust monitoring systems and stakeholder engagement are

essential to ensure accountability and relevance. Additionally, incentives like tax breaks and grants could encourage cooperatives to adopt sustainable practices, transforming them into key contributors to national sustainability goals and socio-economic progress.

5. CONCLUSION

Cooperative law in Sri Lanka has significant potential to promote environmental sustainability, particularly in key sectors such as agriculture, fisheries and renewable energy. However, the existing legal framework lacks explicit provisions for sustainability, limiting the ability of cooperatives to contribute to environmental conservation. By incorporating sustainability into cooperative law and providing incentives for green practices, Sri Lanka can harness the power of the cooperative movement to achieve its environmental goals. Legal reforms that align cooperative practices with national and international sustainability objectives will strengthen the role of cooperatives in fostering sustainable development.

6. RECOMMENDATIONS

To enhance the effectiveness of cooperative law in promoting environmental sustainability in Sri Lanka, the researcher provides following key recommendations as follows.

1. Amend the cooperative societies law with environmental sustainability objectives.

The Cooperative Societies act, Provincial Charters of Sri Lanka should be amended to explicitly include environmental sustainability as one of its core objectives. This would legally bind cooperatives to engage in

practices that promote environmental conservation and sustainable resource management across various sectors such as agriculture, fisheries, and energy.

2. Mandate environmental education and capacity building for cooperatives.

The cooperative law should necessitate that all cooperatives provide environmental education and capacity building programs for their members. This could include training on sustainable farming techniques, renewable energy use, waste reduction, and conservation practices.

3. Enhance Cooperative governance for sustainability

Governance mechanisms within cooperatives should be reformed to ensure that environmental sustainability is a priority in decision-making processes. This could be done by creating a new governance structure within cooperatives that focuses on sustainability, ensuring that cooperatives prioritize environmental issues alongside their social and economic goals. Cooperative boards should include members with expertise in environmental sustainability to guide decision making.

4. Strengthen regulatory oversight and enforcement

The department of Cooperative development should be given greater authority to monitor and enforce environmental sustainability standards within cooperatives. This would require creating specific regulatory mechanisms to assess the environmental impact of cooperative activities, with penalties for non-compliance.

- Regular environmental audits should be mandatory for cooperatives and those failing to meet sustainability targets should be required to implement corrective measures.

- As it takes a considerable time period to amend the national laws, regulations to strengthen environmental sustainability.

5. Create a green cooperative fund

Establish a Green Cooperative Fund that provides low-interest loans, grants and financial support to cooperatives undertaking sustainability projects. The fund could be supported by the government, international donors, and development organizations. The Green Cooperative Fund should prioritize projects such as renewable energy adoption, sustainable agriculture, waste management, and biodiversity conservation. This would empower cooperatives to drive significant environmental impact without being limited by financial constraints.

6. Introduce Cooperative Sustainability Certifications

Introduce a *sustainability certification program* for cooperatives which would reward cooperatives that meet certain environmental standards. Certification would not only enhance the cooperative's reputation but also make them eligible for additional funding or incentives. Certified cooperatives could also benefit from preferential access to markets where environmentally sustainable products are in demand, both locally and internationally.

7. Promote the role of cooperatives in achieving national and international environmental goals

Cooperative law should align with Sri Lanka's national environmental policies and international commitments, such as the United Nations Sustainable Development Goals (SDGs), particularly SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate

Action). The legal framework should clearly articulate how cooperatives contribute to these goals and create structures that enable them to do so. This alignment would ensure that cooperatives play a central role in advancing Sri Lanka's environmental sustainability agenda.

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