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CO-OPERATIVE SUSTAINABILITY

THROUGH POLICY REFORM AND

VALUE-BASED MANAGEMENT

A PROGRAM PROPOSAL
SUBMITTED TO

THE CANADIAN CO-OPERATIVE ASSOCIATION
AND
DEVELOPPEMENT INTERNATIONAL DESJARDINS

PROGRAM SUBMISSION

Program Title : **CO-OPERATIVE DEVELOPMENT THROUGH POLICY REFORM AND VALUE-BASED MANAGEMENT**

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(ICA ROAP)

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List of Acronyms

APHCO	Asia-Pacific Health Co-operative Organization
CICOPA	International Committee of Producers and Artisans Co-operatives
CCA	Canadian Co-operative Association
CIDA	Canadian International Development Agency
DID	Developpement Internationale Desjardins
EU	European Union
GDI	gender-related development index
HDI	human development index
HRD	human resource development
ICA	International Co-operative Alliance
ICA ROAP	ICA - Regional Office for Asia and the Pacific
ICIS	ICA Co-operative Identity Statement
IDACA	Institute for the Development of Agricultural Co-operation in Asia, Japan
IFFCO	Indian Farmers Fertilizer Co-operative, Ltd.
JCCU	Japan Consumer Co-operative Union
LFA	logical framework analysis
MAFF	Ministry of Agriculture, Forestry and Fisheries, Japan
NIE	newly industrializing economy
UNDP	United Nations Development Programme

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I. EXECUTIVE SUMMARY

The year 1995 was an important one to co-operators as it saw the formulation and formal acceptance of the ICA Statement on Co-operative Identity (ICIS), essentially a re-expression of the co-operative values and principles to better reflect and be responsive to the changing worldwide socio-economic environment. The International Co-operative Alliance Regional Office for Asia and the Pacific (ICA ROAP), at its Regional General Assembly held in Malaysia in June 1996, confirmed the importance of the Identity Statement and several members have thence proceeded with efforts to translate the ICIS into local languages/dialects, initiate education campaigns to familiarize members and the public with it, and to consult with governments to include this new Identity in their respective co-operative laws. These efforts are expected to continue in the next several years. At both the General Assembly and subsequent membership meetings, member organizations have voiced support for the ICA to take the lead in documenting the various efforts to translate the ICIS into practical everyday co-op business and operations, and to ensure that learnings from these experiences are shared among members.

Rapid change is the one constant in the world - as true presently as it always has been. What *do* change are the nature of these changes or challenges, and today among the key phrases are economic liberalization, breakdown of national boundaries, greater socio-political awareness among women and youth, mutual responsibility for a deteriorating environment, and the breathtaking pace of innovation in the area of information technology. Co-operatives realize that profound adjustments are required of themselves if they are to surmount present and future challenges; they also recognize that business firmly grounded on the co-operative values - or what innovative co-operators now refer to as **value-based management** - will help them to succeed in doing so. Call to action, based on this essential premise, is contained as well in the conclusions and recommendations adopted at the Fourth Asia-Pacific Conference of Co-operative Ministers held in Thailand in March 1997.

The goal of this ICA ROAP program proposed to the Canadian Co-operative Association (CCA) and Developpement Internationale Desjardins (DID) is to strengthen the co-operative movement in the Asia and Pacific region by assisting member organizations in successful adaptation to the changing socio-economic environment.

The program purpose is to contribute, through policy reform programs and promotion of value-based management, to the business growth of at least 20 percent of ICA ROAP member organizations by the year 2002.

Support for the program is requested from the CCA and DID for five years, from October 1997 to September 2002.

The following outputs are expected by the end of the program period:

1. Value-based management operationalized in at least five member countries;
2. improved policies for co-operative growth and development, evident in more enabling laws in at least five developing member countries;
3. practical collaboration in fair trading between the agricultural and consumer co-operative sectors;
4. number of women in co-operative leadership and decision making in member organizations increased by at least 15 percent over the project period;
5. emerging co-operative sectors - youth, health, and housing - strengthened; and,
6. ICA ROAP Information and Research Center set up and begin operations.

Means and strategies aimed to arrive at these program outputs are described in later sections of this proposal. It must be noted that what are called "activities" in the Logical Framework Analysis (LFA) are in fact *projects*, each one having its own set of objectives and processes, and everyone of them essentially contributing to this program's goal and purpose. (These activities are not to be confused with the ICA ROAP's governance, movement representation, and related work undertaken with membership funds, which are a separate set of functions.) All of these projects or activities, and not just the ones for which CCA/DID support is requested, are presented here as ICA ROAP attempts to set out a more holistic approach in its development work and hence all partners to view the ICA development orientation in its entirety. These projects, while they may be looked at independently, are rendered more effective as an integrated whole, ultimately aimed towards one and the same goal.

II. DESCRIPTION OF THE PROJECT

A. Background

Population projections have indicated that over 60 percent of humanity will live in Asia and the Pacific in just two years' time, at the end of this century. China and India alone currently account for one-third of the world population.

Asia and the Pacific make up a very large and diverse region. Between countries and within countries there are astounding diversities in cultural traditions, social systems, ethnic groupings, and religious beliefs.

There are also striking contrasts of economic development among countries, in part depending on the timing and success of their opening up to the opportunities of the international economy. At one end are the newly industrializing economies (NIEs), which have successfully pursued export-led growth over the past three decades such that their income levels are now closely in line with the more advanced economies. These include Singapore; the Republic of Korea; Taipei, China; and Hong Kong, China. At the other end are economies like Bangladesh, Myanmar and Vietnam, which are still laying the foundations for active participation in the international market. In between are countries such as Indonesia, Malaysia and Thailand, which have already had some success with export-led growth but currently face some serious challenges that have come with this success.

Asia and the Pacific has continued to be the fastest growing region in the world, although the rate of growth of most Asian economies slowed somewhat in 1996. Average real GDP growth declined from 8.2 percent in 1995 to 7.4 percent in 1996. With the recent financial crises, particularly hitting the Southeast Asian countries, economic growth projections are being reconsidered and are likely to be in the 6 percent and less range in the coming couple of years or so. Trade within Asia has continued to grow at a much faster rate than has trade with the rest of the world.

Contrasting national experiences have led to disparities in per capita incomes across countries. To illustrate, the following are some World Bank figures for the year 1995: On the higher end are the four above-mentioned NIEs (US\$10,000 to 30,000 per capita) and on the lower end are Nepal, Vietnam, Bangladesh, Cambodia, Mongolia, and India (US\$150 to less than 500). In between are Uzbekistan, Indonesia, the Philippines, and Papua New Guinea (US\$1,000 to 1,500).

Asia's economic performance (the so-called "Asian economic miracle") in the past three decades has been impressive and has led to a notable reduction in the number of developing countries in the region. (Per capita income rose by an average of 3 percent in the 1970s and 5 percent in the 1980s.) However, poverty remains very widespread today. It is said that of the one billion poor in the developing world, 800 million people live in the Asia-Pacific region. The World Bank indicates that the incidence of poverty (i.e., the percentage of people below the poverty line) in 1993 was highest worldwide in South Asia, that is, at 43.1 percent of the population. In 1992, it was estimated that about 175 million children under the age of five in developing countries were malnourished; over half of these (92.4 million) lived in South Asia.

While the incidence of poverty has declined slowly over the years in South Asia, the absolute number of poor people has risen due to the large population increase. It is not difficult to imagine what the implications of such pressure are on the economy, social structures, and the environment.

A symptom, and perhaps a cause as well, of these problems are the existing inequalities, not only among countries but also *within* countries. Earlier economic growth have given rise to an expanded middle class, but contrasts on either end of the economic spectrum are still severe. There are inequalities not only between the rich and the poor, but also between urban and rural, between developed and underdeveloped regions, between different ethnic groups, and between women and men.

Disparity between men and women is highly evident in the Asia and Pacific region. A simple illustration is the fact that there are 60 percent more women who are illiterate in developing countries, a discouraging record considering that some of these countries, again, have less than 50 percent overall literacy rates. In the UNDP's ranking of countries by the human development index (HDI), rankings of all countries drop when their HDI is adjusted in relation to the gender-related development index (GDI). For example, Korea's HDI rank drops from 31 to 35, when adjusted for GDI, and Fiji drops from 43 to 53. Among the UNDP's conclusions from its study in GDI ranking are that "no society treats its women as well as its men" and that "gender inequality is strongly associated with human poverty."

Countries in the Asia-Pacific region are faced with the challenges of a rapidly changing socio-economic environment, and in all of this one critical objective remains paramount - how to eradicate poverty and the inequalities that result from this poverty.

A notable trend in the region are the groupings, both formal and informal, among countries for the purpose of co-operation particularly in economic issues. This is currently being demonstrated by the way the Southeast Asian countries, specifically their central banks, have exercised joint vigilance to protect one another's currencies.

Such collaboration is no less required at the very basic levels of society as well. Less government, be it due to decreasing availability of subsidies or adoption of policies to privatize more social services, is a growing trend throughout the region and what this means is that people, and communities, must increasingly take responsibility for managing their common needs and their resources. Co-operation and co-operatives offer a viable means by which people in the Asia-Pacific region can take up this important challenge.

B. Partner Organization

The International Co-operative Alliance is an independent, non-governmental association which unites, represents and serves co-operatives of all types worldwide.

The ICA Regional Office for Asia and the Pacific will be the partner organization to carry out this project. The ICA ROAP serves 65 national-level organizations in 25 countries, representing a membership of over 500 million people. As a result of the revision of the ICA global structure at its 30th Congress in Tokyo in 1992, the reallocation of countries into four regions has added Iraq, Israel, Jordan, Kazakhstan, Kuwait, Turkey, and Uzbekistan into the ROAP membership framework.

In addition to its leadership and representational roles, the ICA ROAP also serves as a development catalyst. It facilitates and co-ordinates members' efforts and activities in various fields; promotes exchanges of information and experience; undertakes co-op project identification, formulation, monitoring, and evaluation; assists in the formation of national apex organizations; and organizes training, workshops, seminars, and conferences on subjects essential to the development of co-operatives. The ICA ROAP development orientation is one that takes into account concerns for gender equity, integration of youth, and protection of the environment.

Operations and activities of the ICA ROAP are funded by membership fees and contributions as well as grants from a number of co-operative partner agencies. The CCA and DID have been among its active partner organizations, supporting specific technical and facilitative work of the ICA ROAP.

The ICA ROAP has organized a series of four successful Regional Co-operative Ministers Conferences, the last two made possible in part with CCA/DID support. A recent study in five Southeast Asian countries has concluded that "the most discernible impact of (these conferences) is the enactment or drafting of new co-operative laws designed to closely conform with co-operative principles advocated during those conferences." To continue in this essential advocacy work, this program includes a second critical study to review the situation in five additional countries elsewhere in the region, and organization of the fifth Regional Co-operative Ministers Conference, set to be held in Beijing in June 1999. These activities will allow policy reforms to be instituted through a constructive and healthy dialogue rather than through a confrontational one.

C. Design Process

ICA ROAP member organizations have contributed to this program design process in so far as they have provided input and voiced support to resolutions and action plans resulting from various membership meetings and workshops.

Notable among these was the Fourth Asia-Pacific Conference of Co-operative Ministers on "Co-operatives in a Changing Socio-economic Environment" held in Chiangmai, Thailand in March 1997. Ten Ministers responsible for co-operative development, 124 delegates from 22 countries, and 34 representatives of international organizations, including the CCA and DID, participated in this Conference, which adopted a set of comprehensive recommendations (1) for the ICA and its member co-operatives and (2) for government authorities. As well, there were further recommendations for both to act in the specific areas of (3) gender and development and (4) sustainable development. A full copy of the Conference Conclusions and Recommendations is given as Annex A.

An important result of this Conference is that members have jointly confirmed the ICIS to be a focal point in future co-operative development. Thus it was stated that "contemporary co-operative organizations should be perceived as economic enterprises operating in a new socio-economic environment. Co-operatives must project a distinct corporate identity to ensure the same acceptance and support as public and state enterprises. As such, the corporate philosophy, culture and business practices of co-operatives must represent a unique set of values in the competitive marketplace. The (ICIS) provides the best guidepost for the creation of such a model....

It is therefore incumbent upon co-operative movements and their respective governments to have a clear and common understanding of the Co-operative Identity to better promote *genuine co-operatives* in the changing marketplace.”

This program in fact goes beyond understanding the new Identity to assisting members as they work towards practical application of it. Some of those who have taken the lead in this regard shared their experiences with participants of a special workshop on “The ICA Co-operative Identity Statement - from Theory to Practice” held in Jaipur, India in August 1997. The workshop reiterated the importance of *value-based management* as a critical factor to the co-operative movement’s future survival and success. The ICA’s facilitatory role is being required to document these experiences and to put together guidelines that will be useful to members. This would be a creative, rather than a dogmatic, exercise as “it is understood by all participants that the ICIS is not a rigid framework, and hence flexibility in interpretation of the principles can be justified.

As well, the diversity of the Asia Pacific region may cause the implementation of the ICIS to take different forms. The Workshop took cognizance of the fact that many countries with transitional economies require special consideration in implementing ICIS. It was agreed, however, that guidelines for implementing ICIS should be applied to the extent possible” - and the Workshop proceeded to offer a number of them to start with. Please see Annex B for the full Workshop report.

Planning sessions of the ICA ROAP staff, with the participation of development staff from the ICA head office, were carried out in Delhi soon after the Jaipur Workshop. Extensive environmental scanning and review of membership and other stakeholders’ expectations at these sessions have contributed to the present program design.

Thus, on center stage of the program is the new Identity, to be explored and operationalized in co-operative organizations/businesses as value-based management. Good government-movement relations, which should be evident through ongoing constructive dialogue and the introduction of enabling laws, will be necessary to make value-based management work and result in the sustainability of co-operative businesses.

Three objectives or expected outputs of the program will be practical applications of ICIS as well - fair trading between the agricultural and consumer co-op sectors; empowerment of women co-op members to become leaders and decision makers; and strengthening of developing co-op sectors of youth, health, and housing.

The final objective to set up the Information and Research Center will provide necessary, long-term support to results of the foregoing anticipated program outputs. Co-operation among co-operatives, not just in the region but worldwide, must occur in this new dimension as well. With the use of new appropriate technologies and systems, co-operatives should be able to gain access to the latest information/knowledge in a timely manner and at affordable cost.

D. Feasibility Analysis

This program is an attempt to demonstrate that *value-based management* can contribute positively to co-operative sustainability. An important activity will involve training-cum-internship for selected co-op managers and leaders at the Indian Farmers Fertiliser Co-operative Limited (IFFCO), which has been seen by experts as an excellent example of value-based management at work. Participants of the Jaipur Workshop had the opportunity to observe this, and they agreed.

With the Board/leadership vision and policies to guide them, management of IFFCO has freely and successfully pursued production, business and expansion plans to the point that it is now the leading fertilizer production and marketing organization in India, and in fact in the world as well. More importantly, *it has retained its co-operative nature* in its governance (Board) structure and in its "members first" policy. To contribute to the success of this planned activity, IFFCO has committed to bearing the local living costs of trainees. CCA/DID support is being requested to enable managers and leaders from developing co-ops to participate in the training.

The first critical study on "Legislation and Competitive Strength" reviewed the situation of co-operatives in five Southeast Asian countries. It was useful in bringing out important issues, discussed and debated in a number of national and regional membership meetings, and finally resulting in the conclusions and recommendations adopted at the Fourth Regional Co-op Ministers' Conference.

The second critical study, incorporated in this program, is intended to study the co-operative situation in five additional countries elsewhere in the region. It will provide invaluable input to more membership dialogue at national and regional levels as well as the planned Fifth Regional Co-op Ministers' Conference which will include representatives from other regions as well.

That fair trading is a common concern, meriting joint deliberation and action, has been accepted by the Consumer Co-operatives Committee and the Agricultural Co-operatives Committee of the ICA ROAP. The two groups have agreed to hold their first meeting on this issue in Korea in 1998. The idea to set up the International Co-operative Trading Network (ICTN), another important activity towards the fair trading output, based on lessons learned from the ICA Cooptrade project in Asia in the past. ICA ROAP's facilitatory role will supersede direct trade involvement as was done in the past, and practical results of the project on "strengthening management and marketing skills of co-operative producers/artisans in India," co-financed by the ICA International Committee of Producers and Artisans' Co-operatives (ICA CICOPA) and the European Union (EU), will be a good showcase for promoting co-operative sustainability. One "linkage" that has been identified is that of Australian sheep growers' co-ops supplying the wool for Indian weavers' groups, most of them with women members, to make into various cloth products for sale back to Australia and other buyers. The Network is envisaged to facilitate such trading linkages among producers' and consumers' co-ops within as well as outside the Asia-Pacific region.

The Japan Consumer Co-operatives Union (JCCU) has been very supportive of the ICA ROAP's gender and development programming, particularly in the appointment of a Regional Advisor on Gender and Development since 1994.

In carrying out the women leadership development activities within this program, the Regional Advisor will have the benefit of the experience and support of the Regional Women's Committee, whose mandate includes bringing the women agenda to all aspects of co-operative development at the national as well as regional fronts. The Institute for the Development of Agricultural Co-operatives in Asia (IDACA) will continue with its training programs geared for developing agricultural co-operatives, including special leadership training for rural women leaders.

The ICA ROAP's HRD Advisor will be mainly responsible for co-ordinating efforts to strengthen the emerging co-operative sectors.

These efforts are in part a membership response to a growing trend of less government and more citizenry responsibility for the maintenance of community services. Co-operatives have a responsibility as well as the capability to work with communities in proactively meeting the challenges of declining government support/subsidies.

The youth sector, hitherto apparent and most active only in the university co-operatives, will be expanded to include youth groups in communities. Two main approaches to instil the Co-op Identity in the young people will be undertaken - on one hand, community youth groups will be able to appreciate co-operative ways and use them in development action, and, on the other hand, the university co-ops will be able to place themselves beyond the confines of their student interests to those of the greater community.

The other sectors of housing and health will require the close involvement of long-standing ICA ROAP committees: The Co-operative Housing Committee will, in the first place, be re-activated as a forum at which current co-op housing experiences, both successes and failures, can be shared and documented for the benefit of the growing number of groups and communities that are opting to go the self-help and mutual-help route to obtaining affordable housing. A booster to the health sector will be the Asia-Pacific Health Co-operative Organization (APHCO), officially established in Kathmandu, Nepal in August 1979. The APHCO's objectives are to promote the development of health co-operatives; to provide a forum for solidarity, discussion, and exchange among member organizations; and to provide information about member organizations, health and medical care issues, and activities of the APHCO to members and other relevant organizations.

A comprehensive study of the operations and services of the ICA ROAP Library was undertaken by the CCA's Information Officer in July 1997. Her recommendations, coupled with expressed information and research needs of members, will form the bases for deliberations and action by the Task Force to set up the Information and Research Center.

E. Problem Statement

Changes in the socio-economic environment in the Asia-Pacific region are occurring at a very rapid rate and co-operatives cannot afford to continue "doing business as usual." The center of economic gravity is shifting from large-scale production, massive work forces, and hierarchical management systems to more streamlined or less bureaucratic management structures. Workplaces everywhere in the world are being revolutionized by advances in communication technologies and managerial theory.

Rapidity of change is readily observable; for example, in the effects of globalization. One aspect of this is the volume of external resource inflows into the region.

In the four years prior to the downturn in the industrial countries (1987-1990), long-term net inflows into the region averaged \$31 billion per annum. Since 1991, net inflows have averaged \$75 billion per annum, peaking in 1994 to \$109 billion and accounting for 48 percent of total net resource inflows into the developing countries. Given this situation, prices of financial assets and real estate can also be subject to volatility (one major factor of the recent economic crises in Thailand and other Southeast Asian countries), especially when such inflows are of short-term speculative nature.

More importantly, the domestic financial system can be exposed to instability, depending on the capacity of banks to successfully intermediate and ensure efficient allocation of credit. For example, a sudden increase in the liquidity of the banking systems runs the risk of deterioration in the quality of loans. This brings into question loans extended by state banks to co-operatives without proper risk analyses.

As described in an earlier background section, the Asia-Pacific region is a very large and diverse one. The richest (Japan at US\$38,750 per capita GNP) as well as the poorest countries (Afghanistan at US\$150) are in this region. Similarly, inflation rates range from as low as 0.2 percent in Japan to 31.5 percent in Iran, and to 73 percent in Mongolia. Literacy rates range from an impressive 100 percent (Japan, South Korea, Singapore, and Israel) to a dismal 48 percent (India) and 54 percent (Iran).

The co-operative sector in the region is equally diverse. It covers two-thirds of the ICA's global individual membership, or nearly 510 million people who are members of 60 co-operative organizations in 27 countries. One can find the best and the worst possible examples of co-operatives in the region.

The membership consists of different types of co-operatives - agriculture and multi-purpose account for 57.60 percent of the total; housing, 10.61 percent; and consumers, 8 percent.

Their strength and weakness can be seen from the fact that the average membership and share capital of a primary agricultural co-operatives can be as high as 1,650 persons and \$0.915 million in Japan; 4,946 and \$26,912 in China; and 584 and \$10,276 in Malaysia; and as low as 40 and \$450 in Pakistan, and 40 and \$95 in Bangladesh. The situation is not much different in the case of consumer co-operatives also.

One major difference which could be noticed in the co-operatives in the region, which also reflects their strength and weaknesses, is that in countries like Japan and South Korea where, within the framework of their respective co-operative laws, co-operatives can trade only with members. In Australia, members are subjected to and responsible for the proper functioning of their co-operatives.

In many developing countries (e.g., Fiji, Pakistan, India, Sri Lanka, Bangladesh, Iran, etc.), the governments still play a prominent role in co-operative promotion and in the management and operations of co-operatives. They go beyond their supervisory role through the process of audit and inspection. This role of government is responsible to a great extent for dormant membership and lack of professionalism in many of the co-operatives.

The situation of national co-op federations is likewise diverse. There are no umbrella organizations in China, Japan, and Australia, although Japan has tried to fill the gap by setting up the more loosely structured Japanese Joint Committee on Co-operatives. The umbrella co-op organizations in some countries (Korea, India, Malaysia, Singapore) are active and strong. But in other countries such as Pakistan, Bangladesh, Sri Lanka, Nepal, and the Philippines, they are still struggling for survival.

Co-operatives are contributing substantially to various sectors of the economy, including agricultural production, price stabilization, providing consumer goods and social services, etc. Notwithstanding their economic and social impact, very often co-operatives have not built an adequate public image or devised a good advocacy agenda. With the rapid rise of globalization, economic policies and structural adjustment programs are usually being adopted in favor of the private corporate sector and, in many cases, obstructive to the development and growth of co-operatives. Government support, particularly financial support, is declining. However, some case studies have shown that diminishing subsidies have not necessarily resulted in lesser government interference in co-op management and operations, in which case the co-operatives' competitive standing is worsened even further. Consequently, co-operatives are facing several constraints, among them: -

- large percentage of dormant base membership,
- non-viable size and capital base of co-operatives,
- over-involvement of government in the management of co-operatives,
- lack of professional management,
- lack of accountability and transparency, and
- lack of support from weak national federations.

However, we have to hasten to add that there is also reason for co-operators to be optimistic in the present days. Just as there are negative trends, there are positive trends that can be taken advantage of. Generally increasing literacy rates and growing gender awareness are among them. The call to build up a civil society, heard in several countries as a result of gradual democratization in the economic and political arenas, will bring about more awareness of co-operatives and the opportunities for empowerment that are possible to women and men who participate in them.

F. Program Goal

The goal of this program is to strengthen the co-operative movement in the region by assisting member organizations in successful adaptation to the changing socio-economic environment.

G. Program Purpose

The purpose of this program is to contribute, through policy reforms and the promotion of value-based management, to the business growth of at least 20 percent of ICA ROAP member organizations by the year 2002.

H. Means to Achieve Purpose

ICA ROAP members have determined that the ICIS provides a sound basis upon which to develop the "value-based management" that will enable co-operatives to successfully adapt to the changing socio-economic environment. To contribute to this purpose, this project will implement the following strategies and processes: -

- Formulation of guidelines for value-based management using practical member organization experiences, participatory processes (membership workshops), and opportunities for training and practice.
- Continuing work towards a more conducive policy and legislative environment for co-operatives through a second study reviewing progress in Legislation and Competitive Strength in five additional countries (work on the first five countries was completed in early 1997), national workshops in at least seven countries, and undertaking the fifth Regional Co-operative Ministers Conference in Beijing in June 1999.

- Promotion of fair trading through cross-sectoral member workshops, setting up of an International Co-operative Trading Network (ICTN), and practical collaboration between agricultural and consumer co-op organizations.
- Enhancing and expanding the role of women in co-operatives through national forums and regional forums (for exchange, education and action), and training for women leaders.
- Strengthening emerging co-operative sectors through human resource development (HRD) activities and support to youth, housing, and health co-operatives.
- Setting up and operationalizing the Information and Research Center to serve the more demanding information and research needs of member co-operative organizations.
- More effective and efficient implementation of ICA ROAP development programming through greater integration of components or sub-projects (sharing of resources, results and benefits) and participation of all stakeholders (members, supporting organizations, staff) in a continuing review of ICA ROAP development plans and strategies.

I. Program Outputs

Specific outputs expected by the end of the project period are described below.

Also outlined are the major activities planned in support of each output. Each activity is essentially a sub-project, having its own objectives and processes, and ultimately contributing to this program's goal and purpose. Agencies providing funding for these activities are indicated in parentheses.

1. Value-based management operationalized in at least five member countries

- two regional workshops: pre- and post-guidelines draft (CCA/DID)
- value-based management guidelines booklet: editing, publication (CCA/DID)
- professional management training and internship at IFFCO, India (CCA/DID)
- agricultural co-op management training (MAFF/IDACA)

2. *Improved environment for co-operatives, evidenced by more enabling laws and policies in at least five developing member countries.*

- critical review of progress in Legislation and Competitive Strength of Co-operatives in five South Asian countries: consultancy, publication (CCA/DID)
- national workshops in at least seven member countries: organizing and facilitating resources (CCA/DID)
- fifth Regional Co-operative Ministers Conference, Beijing, June 1999: organizing and facilitating resources (CCA/DID)

3. *At least one fair trading agreement negotiated and put into action between co-operatives in the agricultural and consumer sectors.*

- joint agricultural and consumer co-operative workshops
- establishment of the International Co-operative Trading Network (New South Wales Government, Australia)
- consumer co-operative development program (JCCU)

4. *Increased number of women in co-operative leadership and decision making.*

- national co-op women's forums established and conducted in at least 10 member countries
- meetings of the Regional Women's Committee
- regional co-op women's forums conducted annually (JCCU)
- rural women leaders' development training (IDACA)

5. *Emerging co-operative sectors strengthened.*

- work with university co-ops and youth groups in communities
- promotion of health co-operatives (APHCO)
- re-activation of the ICA ROAP Housing Co-operatives Committee.

6. *ICA ROAP Information and Research Center established and begins operations.*

- planning meetings of the IRC Task Force
- retooling of ICA ROAP library and databank structure
- information on IRC resources and services to members and other potential users.

J. Critical Assumptions

Close co-operation of the ICA ROAP membership is the main critical assumption of this program. Program success is possible only with their support in terms of logistical costs and arrangements as well as their active participation in reviews and other activities to keep the ICA ROAP's development program relevant to members' needs and realities.

Continuing willingness of governments to enter into dialogue with the co-operative movements in their respective countries is a close second. Such a favorable situation can be anticipated if the present trend towards economic and political democratization continues.

An openness and spirit of true co-operation among the ICA ROAP's development partners will go a long way to make the projects/activities supported by them effective not only in obtaining their own individual objectives but also, and more importantly, in contributing to the overall goal of co-operative sustainability.

K. Logical Framework Analysis

The logical framework analysis is found on the next page. It includes all projects or activities aimed to obtain program outputs, not just those for which CCA/DID funding is being sought. However, the primary audience of this LFA is CCA, DID, and/or CIDA; thus, so as not to create confusion, dollar inputs shown in the LFA are those pertaining to CCA/DID "supported" activities only. Other supporting agencies are indicated in parentheses. [It should also be noted that financial contributions by members and other supporting agencies are shown in the overall program budget given as Annex C.]

	<u>Verifiable Indicators</u>	<u>Means of Verification</u>	<u>Assumptions</u>
<u>GOAL</u>			
To strengthen the co-op movement by assisting ICA ROAP member organizations in successful adaptation to the changing socio-economic environment	<ul style="list-style-type: none"> • co-ops recognized as third economic sector in more countries • co-op organizations/ businesses remain co-operative 	<ul style="list-style-type: none"> • minutes of government-coop dialogues • provisions in laws and/or national development plans • member reports 	<p>No serious political upheavals in AP Region.</p> <p>Governments will support co-ops to maintain distinct identity in new policies and legislation</p>
<u>PURPOSE</u>			
To contribute to the value-based development and business growth of at least 20 percent of ICA ROAP member organizations by the year 2002	<ul style="list-style-type: none"> • no member organizations in the region become privatized • membership support to ICA increased by 25% 	<ul style="list-style-type: none"> • member reports • membership fees • pledged support to ICA programs 	<p>Well-known universities and colleges will continue to render full support and collaboration to ICA making available their co-op experts.</p>
<u>OUTPUTS</u>			
1. Value-based management operationalized in at least 5 member countries	<ul style="list-style-type: none"> • guidelines for (ICIS) value-based management formulated • guidelines adopted and operationalized by member organizations • management training at IFFCO • 6-month training course for agricultural co-op managers 	<ul style="list-style-type: none"> • results of workshops to review guidelines • guidelines published and made available to member organizations • member reports to workshops, member publications • training reports • trainees' evaluation of training programs 	<p>Co-operation and active participation of member organizations in program activities.</p>
2. Improved environment for co-operative growth and development	<ul style="list-style-type: none"> • more enabling laws, policies in at least 5 developing member countries • 2nd review of progress in Legislation and Competitive Strength completed • at least 7 national follow-up workshops • 5th Coop Ministers 	<ul style="list-style-type: none"> • member reports and publications • government edicts • review results and recommendations published • member reports • workshop reports • Conference report. 	<p>Governments are open to ongoing dialogue.</p> <p>General trend towards democratization in the region continues.</p>

	Conference (6/99)	recommendations	
3. Collaboration in fair trading between agricultural and consumer sectors	<ul style="list-style-type: none"> joint workshops between agricultural and consumer cooperative organizations International Cooperative Training Network (ICTN) established at least one fair trading agreement between the two sectors negotiated and acted upon 	<ul style="list-style-type: none"> workshop reports monitoring reports on agreed upon follow-up action minutes of networking meetings member reports and sales records : green, affordable products to consumers and fair returns to agricultural coops/members 	<p>Synergy and positive collaboration between the two sectors.</p> <p>NSW Government approves support to enable networking.</p>
4. Increased number of women in co-operative leadership and decision making	<ul style="list-style-type: none"> number of women leaders increased in at least 20% of member organizations at least ?? national women's forums organized per year more member countries participating more actively in annual regional women's forums six rural women leaders trained per year (IDACA) 	<ul style="list-style-type: none"> disaggregated gender data on leadership ICA and member databases reports of gender-related workshops reports of national forums and regional forums minutes of the meetings of the national women's committees and the ICA Regional Women's Committee training reports trainees' evaluation of training program 	<p>Existing leadership is sensitized and gives necessary and continuing support.</p> <p>Women themselves are willing to take & make opportunities within the co-op movement.</p>
5. Emerging cooperative sectors strengthened	<ul style="list-style-type: none"> HRD support to youth, housing, and health cooperatives 		<p>Support to program activities by new sector leadership.</p>
6. Information and Research Center established	<ul style="list-style-type: none"> IRC Task Force meetings/decisions Center starts operations 	<ul style="list-style-type: none"> minutes of meetings equipment in place by Yr 2, Quarter 1 Center information to members/users 	

<u>ACTIVITIES</u>	<u>INPUTS</u> : Funds	<u>INPUTS</u> : Other Resources
<u>Output 1</u>		
• 2 regional workshops	• \$ 18,950 (CCA) • \$ 18,950 (DID)	All workshops: • Hosting members : funds for organizing and communications, logistics, physical facilities. • Participating members : travel and related costs, studies preparatory to workshops, etc. • Facilitators, resource persons.
• guidelines booklet: editing, publication	• \$ 1,250 (DID) • \$ 1,250 (CCA)	
• management training at IFFCO	• \$ 25,900 (CCA) • \$ 25,900 (DID)	
• agricultural co-op management training course (MAFF/IDACA)	< \$ 2,592,000 >	
<u>Output 2</u>		
• 2 nd review of progress in Legislation and Competitive Strength: consultancy, publication	• \$ 52,150 (CCA) • \$ 52,150 (DID)	• Expert cum research consultant(s). • Study countries - available data, cooperation, and facilitation to researcher(s). • Ministers and leading bureaucrats: attendance & costs
• 5 natl. workshops	• \$ 63,250 (DID) • \$ 63,250 (CCA)	
• 5th Coop Ministers Conference, June/99	• \$ 50,520 (DID) • \$ 50,520 (CCA)	
<u>Output 3</u>		
• 2 joint consumer and agricultural co-op workshops	• \$ 37,300 (CCA) • \$ 37,300 (DID)	
• ICTN set up (NSW Government)	< \$ 550,000 >	
• Consumer Devt Progr. (JCCU)	< \$ 800,000 >	
<u>Output 4</u>		
• 9 national co-op womens forums (JCCU)	< \$ 360,000 >	
• yearly regional co-op women's forums (JCCU)	< \$ 19,000 >	• As in training in Output 1 above: IDACA training facilities and resources.

- rural women leaders' - < 280,000 >
- development training (IDACA/MAFF)

Output 5

- Youth/Health Co-op Development (JCCU) - < 80,000 >
 - \$ 12,500 (CCA)
 - \$ 27,500 (DID)
- Housing Co-ops
- Fin./Banking Coop Network

Output 6

- \$ 13,500 (CCA)
- \$ 6,750 (DID)
- Canadian information and research consultant(s)
- computers
- other equipment
- meetings of the IRC Task Force
 - \$ 15,000 (DID)
 - \$ 15,000 (CCA)
- retooling of ICA ROAP library and databank structure

6. Program Management
(CCA, DID, JCCU, IDACA, MAFF, NSW)

- \$ 66,189 (CCA)
 - \$ 66,339 (DID)
 - Overall program supervision, coordination and support
 - \$ 33,095 (CCA)
 - \$ 33,170 (DID)
 - Projects management, support, evaluation
 - \$ 6,500 (CCA)
 - \$ 6,500 (DID)
 - Stakeholders' review: ICA ROAP program and strategies
 - CCA (and other partners') attendance at ICA ROAP program reviews.
-

III. PROJECT MANAGEMENT/ORGANIZATION

A. Management Approach/Strategy

The ICA ROAP, in particular the Regional Director, will be responsible for the overall management of this program, an important strategy of which will be to encourage active participation by members, relevant government agencies, as well as development partners. Such participation will be anticipated not only in the various activities but also in an ongoing review of the program and its strategies for only by so doing will they remain relevant and responsive. Self financing by members is an adopted policy, hence the ICA ROAP will be tracking and documenting members' contributions to the program.

All aspects of each project (or activity, as they are called in the LFA) will be monitored and supervised by the designated ICA ROAP staff. At the same time, integrated and coordinated functioning of the staff will ensure that learnings/benefits are shared and unnecessary duplication avoided. From time to time, there should be joint program monitoring with CCA/DID staff and technical input by Canadian co-operants, in specific areas to be identified, is anticipated to enhance the program overall.

B. Thematic Priorities

Gender and Development

While an environmental scan reveals a lot of negative trends in the region, there are definitely some silver linings, among them increasing literacy and greater gender awareness in more countries. Both augur well for women as opportunities for education and economic as well as political empowerment are increasingly being opened to them. Very recently, the government of India, a country where the status of women is possibly among the lowest in the region, announced what could be the most ambitious of affirmative action for women: nutritional, educational, and other incentives to families for their first two girl children - a comprehensive program that will see to the development of these children, hitherto the unwanted, from birth to the age of 18. This government scheme will be the responsibility of the Office of the Prime Minister, no less, and its overall goal "to remove the social bias against the girl child and enhance her position in society" is laudable.

This recent announcement will undoubtedly be greeted with skepticism, but the bold thinking and planning - and budget allocations - going into such programs are definitely hopeful signs. Which is not to say that we can now afford to be complacent because the actual numbers are still very dismal. Women make up a disproportionate majority of the region's poor.

The dearth of women leaders in the co-operative movements in the region is evident, and this program aims to rectify this lack. Through forums, participatory workshops, women-specific training, and the introduction of gender disaggregated data, it is intended to effect an upward trend in women's participation in co-operative leadership and decision making.

A positive sign within the ICA ROAP is the fact that, in people's perception and in truth, women in co-op development is no longer the exclusive "responsibility" of the Gender and Development Advisor. This is attributable in large part to the participation of ICA ROAP staff and a growing number of (mostly male) co-op leaders in awareness and sensitization courses and is demonstrated by the more integrated development programming of the organization - the agricultural sector now does training for rural women co-op leaders, production and trading activities involve a considerable number of women and women's groups, and strategies for the development of the emerging sectors will definitely take into account the fact that women, as members and service users, are already highly active in them.

Environment

Universal concern for the environment has resulted in more environmental awareness content in the ongoing membership education programs of co-operatives in the region. Member organizations have conducted (cleanliness, energy saving, tree planting, etc.) campaigns and activities on their own or in conjunction with government and non-government organizations with an environmental agenda.

In this program, the issue of environment is most clearly seen in the area of fair trading. Preliminary discussions indicate that consumer and agricultural co-operatives will want to discuss and act on their common concern for safe and healthy food.

IV. RESPONSIBILITIES OF THE CONTRACT PARTIES

A. The International Co-operative Alliance Regional Office for Asia and the Pacific (ICA ROAP) shall, in terms of. . .

1. organizational responsibilities:
 - work in collaboration with the CCA/DID, in the spirit of co-operation among co-operatives, and share information of mutual interest in any strategic field of co-operative development, especially as it related to this program;
 - ascertain that links and networks with CCA/DID partners will be endeavoured and facilitated to create a good working environment with ICA ROAP members in the Asia and Pacific region, especially as it relates to this program;
 - seek the right synergy with the CCA/DID and other partner agencies to work in concert to make this program a success.
2. legal and administrative responsibilities:
 - sign the program contract with the CCA/DID;
 - implement the program according to the plan and in accordance with the terms and conditions of the contract;
 - ensure that program funds are used only for the purposes stipulated in the contract;
 - inform, and obtain concurrence from the CCA/DID, in the event that changes are necessary to the program plans and budget; and
 - submit reports to the CCA/DID on the progress of the program according to the schedule outlined.

B. The Canadian Co-operative Association (CCA)/ Developpement Internationale Desjardins (DID) shall:

- reciprocate the thrust and orientation of the above stated organizational responsibilities;

- sign the contract and provide financial resources to the ICA ROAP to support program activities;
- co-ordinate arrangements for Canadian resource persons, as required by the program activities; and
- monitor the program regularly and jointly conduct with the ICA ROAP an end-of-project evaluation, when required.

V. PROJECT BUDGET

A. Program Budget

The program budget, with particular focus on the CCA/DID component, is shown on the following pages.

BUDGET

All Figures in Canadian Dollars.

ITEM	COST :			Others :	TOTAL :
	CCA :	DID :	Member Org's :		
I. VALUE BASED MGT					
1 Two Regional Workshops :					
1.1. SOUTH/WEST ASIA					
30 Participants :					
Airfares	6,500	6,500	55,000		68,000
Airfares : 3 staff members	1,875	1,875			3,750
Airfares : Guest lectures	2,250	2,250			9,000
Consultancies (2 pax)	3,500	3,500			7,000
Documentation/admin	2,200	2,200			4,400
Board/lodging - DSA Staff	2,625	2,625			5,250
					97,400
1.2. SOUTH EAST/FAR EAST & PACIFIC					
35 Participants					
Airfares	3,500	3,500	72,500		79,500
Airfares : 3 ICA Staff	3,350	3,350			6,700
Airfares : Guest speakers	2,750	2,750			5,500
Consultancies	3,500	3,500			7,000
Documentation/Admin	2,400	2,400			4,800
Board/lodging - DSA Staff	3,150	3,150			6,300
					109,800
2 Manualization					
Designing, editing, printing	1,250	1,250			2,500
3 Professional Training at IFFCO : 40 Managers					
50% airfare subsidy	21,000	21,000			41,000
Internship & in-field exposure			56,000		56,000
Documentation/Admin	4,900	4,900			9,800
4 Agri-Coop Management Training (MAFF/IDACA) (funded by MAFF/JA-Zenchu)					
			1,296,000	1,296,000	1,296,000
II. POLICY DEVELOPMENT					
5 2ND CRITICAL STUDY					
Field study :	32,500	32,500			65,000
Expert consultancy	18,000	18,000			36,000
Publication	1,650	1,650			3,300
SUB-TOTAL	116,900	116,900	1,479,500	1,296,000	3,009,300

ITEM	COST :				TOTAL :
	CCA :	DID :	MO-s	OTHERS	
SUB-TOTAL : Carried	116,900	116,900	1,479,500	1,296,000	3,009,300
6 Five National Workshops					
Per Unit :					
ICA staff travel/prep. work	2,070	2,070			4,140
Board & Lodging, DSA	2,350	2,350	31,500		36,200
Resource Expert, Travel B/L	2,550	2,550			5,100
Consultancies	3,500	3,500			7,000
Documentation/Admin	2,180	2,180	1,300		5,660
6.1. 4 more units	50,600	50,600	131,200		
7 5TH COOP MINISTERS' CONFERENCE					
Prep. work, Beijing	10,350	10,350	5,500		26,200
Air travel : 175 participants			437,500		437,500
Board/Lodging			183,750		183,750
Air travel : ICA staff - 3	4,125	4,125			8,250
Board/Lodging - DSA ICA	4,650	4,650			9,300
Action survey	2,500	2,500			5,000
Surveyor/Researcher	4,125	4,125			8,250
Resource experts	6,210	6,210			12,420
Documentation/publication	7,990	7,990			15,980
Reception/VIP Security					
VIP transport			275,000		275,000
Documentation/publication	2,150	2,150			16,840
Support services	8,420	8,420			16,840
III. FAIR TRADING					
8 Procumer Development (Agriculture & Consumer)					
8.1. 2 Special Workshops					
Same as 1.2. Unit cost	37,300	37,300			74,600
8.2. ICA expert staff (Agri/Trade)	17,500	17,500			35,000
(Consultancies)					
8.3. ICTN (Cooptrade Network)				500,000	
NSW/AUS 500,000 - SCC				50,000	
SUB-TOTAL	285,470	285,470	2,545,250	1,846,000	4,962,190

ITEM	COST :				TOTAL :
	CCA :	DID :	MO-s	Others :	
SUB-TOTAL CARRIED	285,470	285,470	2,545,250	1,846,000	4,962,190
8.4. Consumer Co-op Development Program (JCCU)			396,000	800,000	
IV. WOMEN IN COOP LEADERSHIP					
9 National Co-op Women Fora (funded by JCCU)			53,700	360,000	413,700
10 Women Farm leadership Conference (funded by IDACA/JA-Zenchu)				280,000	280,000
11 Women Regional Forum	5,750	5,750	62,500	19,000 (JCCU)	93,000
V. EMERGING COOPS					
12 Youth/Health CO-OPS Development	7,500		22,500	80,000 (JCCU)	110,000
13 Housing CO-OPS Development	12,500		23,800		36,300
14 Financial Co-op & Co-op Banking Network		27,500	28,000		50,500
VI. INFO & RESEARCH CENTER - ICA ROAP					
15 Meetings of IRC Task Force	13,500	6,750	22,500		
16 Retooling of ICA Library & Data Bank	15,000	15,000			
SUB TOTAL	339,720	340,470	3,154,250	3,385,000	5,945,690
VI. PROG. MANAGEMENT					
17 Overall Program Supervision coordination & support	66,189	66,339	140,000	940,000	1,212,528
18 Project Mgt & monitoring	33,095	33,170	70,000	470,000	606,265
19 Stakeholders' Strategic Review (once per annum)	6,500	6,500		39,000	52,000
GRAND TOTAL :	445,504	446,479	3,364,250	4,834,000	7,816,483

B. Funding Schedule/Projected Cashflow

The funding schedule, or projected cashflow from CCA & DID, is shown in the following page

VI. REPORTING

Interim program reports, including financial reporting, will be submitted to the CCA/DID every six months, counting from the start of program implementation starting in October 1997. Program reporting is closely related to the funding schedule in the sense that funding cannot be sent to the ICA ROAP unless a due program report shall have been received beforehand by the CCA/DID.

VII. MONITORING AND EVALUATION

A. Monitoring

The program shall, from time to time, be monitored by the CCA/DID. This may be done through participation in the program review involving ICA ROAP members and partners, as well as through participation in specific field activities. In any case, establishing common parameters for assessing program impact will enable a more effective and efficient undertaking of the monitoring function.

B. Evaluation

Evaluation of the program, if deemed appropriate, shall be the responsibility of the CCA/DID. The terms of reference for such evaluation shall be drafted by CCA/DID in consultation with the ICA ROAP.

Background References and Note

Asian Development Bank, *Asian Development Outlook 1997 and 1998*. Hong Kong: Oxford University Press (China), Ltd., 1997.

United Nations Development Programme, *Human Development Report 1997*. New York: Oxford University Press, 1997.

Note: All dollar references in the text above indicate US dollars. Figures in the program budget are in *Canadian dollars*.

RT/Delhi/Ottawa, Sep/Oct 97.

CASH-FLOW PROJECTION :

	Jan-98	Mar-98	Sep-98	TOTAL CCA	TOTAL DID
CCA	52,150.00	25,000	40,000	117,150	
DID	52,150	50,000	40,000		142,150
	Mar-99	Jun-99	Dec-99		
CCA	50,520	63,250	20,200	133,970	
DID	50,520	63,250	20,200		133,970
	March 2000	June 2000	Dec 2000		
CCA	37,300	12,500	66,189	115,989	
DID	37,300	27,500	66,339		131,139
	March 2001	June 2001	Jan 2002		
CCA	30,000	30,000	18,395	78,395	
DID	20,000		19,220		39,220
				445,504	446,479