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ICA/JAPAN MANAGEMENT TRAINING PROJECT FOR
AGRICULTURAL COOPERATIVES IN ASIA

R E P O R T
of the
NATIONAL FOLLOW-UP WORKSHOP
OF THE FORMER PARTICIPANTS
-Republic of Korea

Seoul. May 6-8 1993

by
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ICA

organised by the International
Cooperative Alliance ROAP in
association with the National
Agricultural Cooperative
Federation of the Rep of Korea



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FUW-I/KOREA

REPORT OF THE NATIONAL
FOLLOW-UP WORKSHOP
-REPUBLIC OF KOREA. May 1993





Report of the National Follow-up Workshop
for former participants from Rep of Korea

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THIS report contains the gist of discussions held during the first national follow-up (review) workshop held for former participants from the Republic of Korea. These participants had attended the training programmes organised under the ICA/Japan training project on "Strengthening Management of Agricultural Cooperatives in Asia" since 1986-87. As upto the 7th course, 14 officials were sponsored from Korea - 9 from the National Agricultural Cooperative Federation and 5 from the National Livestock Cooperatives Federation. They had participated in the 6-month long training programmes. This particular programme - the National Follow-up (Review) Workshop for former participants from Korea, held at Seoul, May 6-9 1993, was organised with the following main objectives:

- to enable the former participants to get together and exchange notes on their experiences with regard to their work and implementation of their projects, prepared by them during their training;

- to exchange notes with the 7th course participants and to interact with them on problem areas encountered by them in the implementation process, and how to enlist the support and cooperation of their sponsoring organisations;

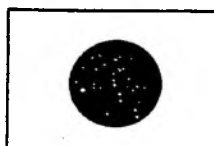
- to have a dialogue with the ICA officials and their sponsoring organisations to suggest areas of improvement in the training programme itself;

- to discuss the methods and techniques employed by them in the implementation of their projects.

The success of the follow-up workshop has encouraged the ICA to conduct similar follow-up workshops in other countries of the Region. For the time being such workshops have been planned to be held in India, Sri Lanka, Thailand and China.



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ICA/JAPAN MANAGEMENT TRAINING PROJECT FOR
AGRICULTURAL COOPERATIVES IN ASIA

NATIONAL FOLLOW UP REVIEW WORKSHOP
OF FORMER PARTICIPANTS FROM
REPUBLIC OF KOREA, SEOUL

6TH - 8TH MAY 1993

R E P O R T

PART - I

INTRODUCTION

The launching of the ICA Management Training Project for Agricultural Cooperatives in Asia was the result of successful negotiations between the Central Union of Agricultural Cooperatives of Japan (CUAC/JA ZENCHU) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan on the need for strengthening agricultural cooperative activities in the Asian Region through leadership training in new approaches in management practices. The ICA, an international non-governmental organisation, was chosen as the most suitable international organisation for bringing about these changes in cooperative functioning.

Until the end of the Seventh course, 105 participants consisting of senior to middle-level managers responsible for agricultural cooperative development, both men and women, have participated in the programme successfully. As a part of their work they have produced concrete, technically-sound and potentially viable 103 projects in the agricultural cooperative sector aiming at enhancing the participation and income of grass-root level farmers. Several of these projects are already under implementation in various countries.

Because of the strong technical inputs made, the programme has been able to enhance the management capabilities of the participants. The course is extremely popular among cooperative managers and increasing demands are being made on the ICA to further broaden the scope of the programme.

Agriculture is by far the most important economic activity in almost all countries of the Asian and the Pacific Region contributing to the highest percentage of their GNP. Agriculture is also the source of livelihood for majority of the population in the Region. However, agricultural productivity is subject to violent fluctuations due to its heavy dependence on monsoon and damages caused by natural disasters. Measures taken for prevention of damages to agricultural crops are inadequate and systems for disaster compensation are adhoc and generally not effective.



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Agricultural cooperatives are functioning, in one form or another, in almost all the countries of the Asia-Pacific Region., Starting mostly with government initiative or as a result of projects supported through bilateral or multilateral agencies, each country has evolved her own pattern for organisational structure and functioning of cooperatives. One thing common to all, however, is the existence of small and marginal farmer-members depending entirely for their livelihood on the meagre income from small holdings. The present role of the cooperatives is providing a suitable infrastructure which can help add value to primary produce except in a few cases where agro-processing has been undertaken with positive results is far from satisfactory.

Although there is a large number of cooperative organisations in the Region with a variety of success spectrum, there are still management problems interlaced with lack of membership participation in the business affairs of these cooperatives. There is a heavy participation and administrative influence of governments in the functioning of cooperatives due to excessive pressure on these institutions to serve state policies and programmes. As a result, cooperative institutions in several Asian countries are more aligned to the state policies rather than catering to the needs and requirements of their basic owners and constituents, i.e. the farmers members. The staff and board members of cooperatives also lack managerial skills mainly due to inadequate training opportunities available within their respective environments. Due to limited resources available at the command of primary and secondary level cooperatives it has been difficult for them to sponsor their staff for training at higher level training institutions within the country or abroad. The ICA has been providing such opportunities in a limited way to some selected managers and policy-makers. Such opportunities and exposures are considered absolutely essential if the staff and board members have to play fruitful roles in the business aspects of cooperative institutions.

Despite all the drawbacks in their present day functioning, cooperatives are the best suited agencies for agricultural development in the Asian Region. To a great extent they are indispensable for accelerating the development in general and agriculture in particular. The remedy lies in streamlining their activities in a manner in which they could increase their own resources and improve their technical and managerial capabilities to safeguard the interests of their members to a maximum possible extent. Successful examples of cooperatives which have taken such initiatives are not lacking. Such streamlining would be possible only if the leadership responsible for cooperative promotion and development and for managing their day-to-day operations is responsive to the needs and aspirations of the farmers. Of special importance to cooperative functioning is the leadership



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provided by managerial and technical personnel competent to ensure maximum economic advantages to the producers. The ICA Management Training Project for Agricultural Cooperatives in Asia and the Pacific is geared to help in creating such leadership in the regional countries.

PROJECT OBJECTIVES

Development Objective

The overall objective of the Project is to help strengthen and improve agricultural cooperative performance in the Asia-Pacific Region in order to bring about a qualitative improvement in cooperative services to member-farmers at the grass-roots level. The overall aim is to help increase member's income, help improve his standard of living and ensure his active participation in the business and operations of agricultural cooperatives.

Immediate Objectives

- i. To examine the present organisational structure of agricultural cooperatives in Asia and the Pacific Region and discuss on the basis of results obtained so far and the applicability of an integrated cooperative system for a more effective and result oriented development process;
- ii. To introduce various forms of improved managerial practices in cooperative functioning supported by backward, forward and horizontal linkages at appropriate levels;
- iii. To introduce business planning for value addition through cooperative management with special reference to decisions on location, capacity, budgeting, investment, costing and in evolving pricing policies;
- iv. To evolve a project-oriented development approach in cooperatives, and introduce methods for project preparation, appraisal, implementation, monitoring and evaluation.
- v. To study working of multipurpose, single-purpose and commodity-based cooperatives and examine the applicability of their experience in the participating countries.



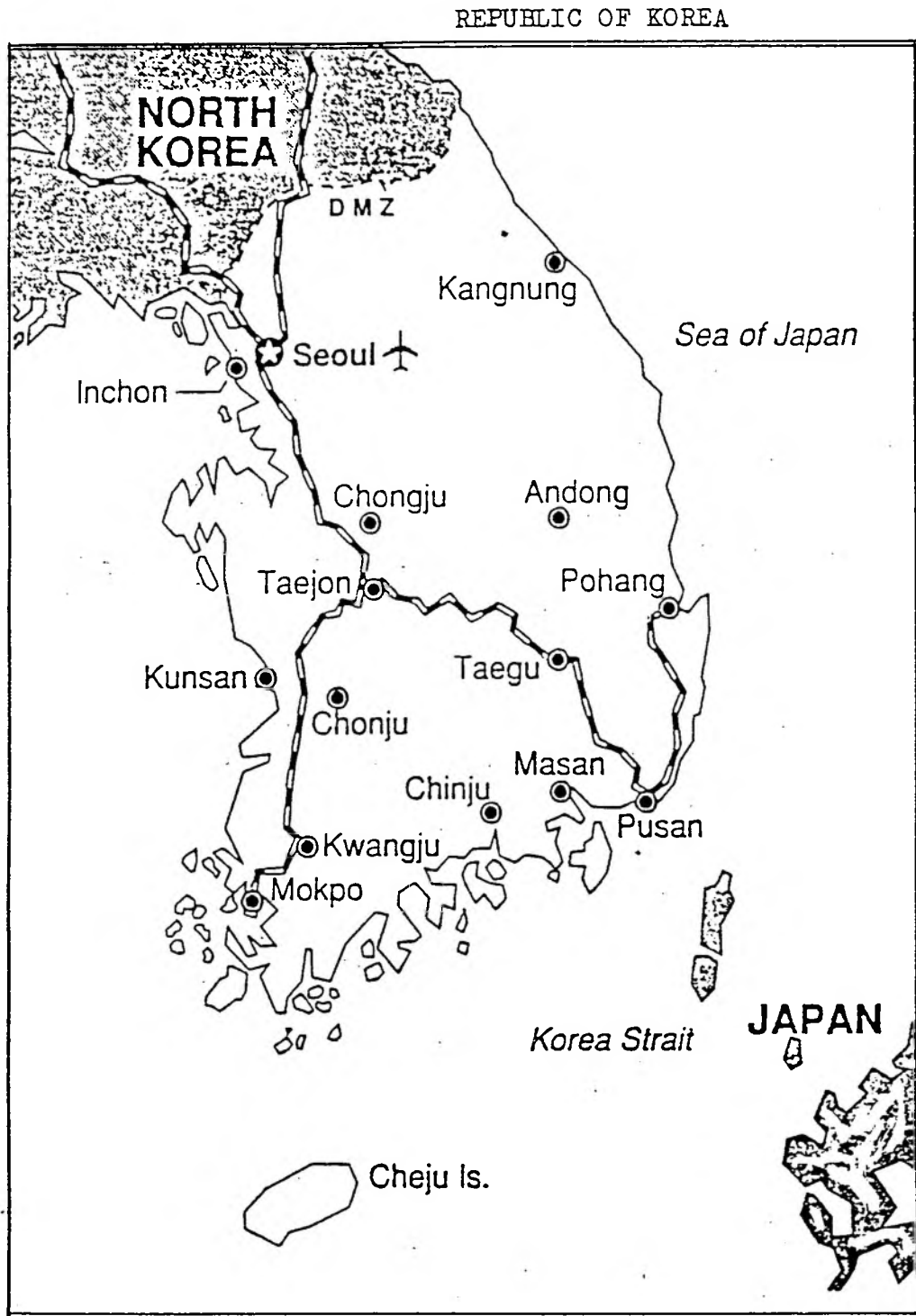
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CHRONOLOGY OF COURSES HELD

Course No.	Dates	Countries where courses held	Participating countries
PHASE-I			15 Participants from
FIRST	Nov 01, 1986 - May 03, 1987	India, Thailand, Japan & Republic of Korea	Bangladesh, China, India, Indonesia, Korea, Malaysia, Philippines, Sri Lanka and Thailand
SECOND	Oct.26, 1987 - May 10, 1988	India, Thailand, Japan & Republic of Korea	Bangladesh, China, India, Indonesia, Korea, Malaysia, Philippines, Sri Lanka and Thailand.
THIRD	Oct 24, 1988 - May 07, 1989	India, Thailand, Japan & Peoples Republic of China	Bangladesh, China, India, Korea, Malaysia, Philippines, Sri Lanka and Thailand
FOURTH	Oct 23, 1989 - May 10, 1990	India, Thailand, Japan and Republic of Korea.	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand.
FIFTH	Oct 22, 1990 - May 10, 1991	India, Thailand, Japan and Republic of Korea.	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand.
PHASE-II			
SIXTH	Oct 21, 1991 - May 10, 1992	India, Thailand, Japan and Peoples Republic of China	Bangladesh, China, Indonesia, India, Iran, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam.
SEVENTH	Nov 09, 1992 - May 08, 1993	India, Thailand, Japan and Rep. of Korea	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam.
EIGHTH	Oct 20, 1993 - April 21, 1994	India, Sri Lanka, Thailand and Japan	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand and Vietnam.
Total Number of Participants : 120			

COUNTRYWISE PARTICIPATION IN ICA/JAPAN MANAGEMENT TRAINING COURSES, 1986/87 - 1993/94

COUNTRY	1986-87 JTC I	1987-88 JTC II	1988-89 JTC III	1989-90 JTC IV	1990-91 JTC V	1991-92 JTC VI	1992-93 JTC VII	1993/94 JTC VIII	TOTAL
Bangladesh	1	1	1	1	1	1	1	1	8
China	2	2	2	2	2	2	-	-	12
India	3	3	2	2	2	2	3	2	19
Indonesia	1	2	-	-	-	1	1	2	7
Iran	-	-	-	-	-	1	1	1	3
Korea, Rep. of	2	2	2	2	2	2	2	2	16
Malaysia	1	1	1	2	1	1	1	1	9
Myanmar	-	-	-	-	-	-	-	1	1
Pakistan	-	-	1	1	1	1	1	1	6
Philippines	2	1	2	2	2	1	1	-	11
Sri Lanka	1	1	2	1	2	1	2	2	12
Thailand	2	2	2	2	2	1	1	1	13
Vietnam	-	-	-	-	-	1	1	1	3
Total	15	15	15	15	15	15	15	15	120





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STATUS OF AGRICULTURAL COOPERATIVES IN THE REPUBLIC OF KOREA

1. Agricultural Cooperatives

Agricultural cooperatives in the Republic of Korea are organised and integrated under the leadership of the National Agricultural Cooperative Federation (NACF). The National Livestock Cooperatives Federation (NLCF) and the National Fisheries Cooperatives Federation (NFCF) look after the interests of the producers in their respective sectors. 1,454 primary multipurpose agricultural cooperatives are affiliated directly to the NACF in a two-tier system. The primary cooperatives have about 1,960,000 farmer-members representing over 90% of farm households. The NACF operates through its 15 provincial city offices, 435 branch offices and through the primary cooperatives. There are 43 other cooperatives dealing with horticultural and other specialised products. Informal groups of members are formed at the village level.

The NACF has a very large volume of business in banking, marketing, supply and insurance sectors. Its main income is through banking activity. Marketing is the weakest link although efforts are being made to strengthen marketing business through marketing centres and supermarkets. It is encouraging and assisting the practice of joint utilization of warehouses and other facilities such as farm mechanisation centres. Still a large volume of NACF activities are conducted for implementation of government policies. However, the overall performance is satisfactory and in favour of farmer-members.

As government entrusted business dominated NACF activities until recently, the members have not yet fully integrated themselves with cooperative activity. Their participation is still low. The management has not yet reached the professional level for the amalgamated cooperatives. Since 1989, a process of democratisation has been set in through direct elections for chairmen and board members of all agricultural cooperatives including their national federation. Also the policy support by the government for encouraging the establishment of processing industry has made it possible for NACF to reformulate its policies towards processing units. However, the three major problems which have to be tackled as major tasks for the NACF are viz. (a) diversified demands for additional services and benefits by member-cooperatives; (b) liberalisation of farm product imports; (c) lack of awareness among members of the real role of agricultural cooperatives.

ii. Livestock Cooperatives

With the changing dietary habits due to improved living standards the consumption of animal protein has increased in the last two decades. Consequently the percentage of livestock farming in total agricultural production has gone up from 11.3%



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in 1965 to 24% in 1985. As the average size of private entrepreneurship in this sector is rather large, the small farmers' interests are being protected through livestock cooperatives. More than 80 per cent livestock farmers are part-time as they also grow paddy and other crops.

In 1990, there were 167 livestock cooperatives in the country out of which 144 were local (based on coverage of area) and 23 were specialised (based on a given breed, irrespective of the region). The total membership was 237,000 while the total business amounted to Won 4,667.7 billion. Livestock farmers unions in different villages provide the link between the farmer and the cooperatives. NLCF operates 11 feed mills, supplies 2,033,000 tons of feed equalling 19.4% of the domestic market demand. The banking business of NLCF covers the entire country through its network and through its research and survey activities, the NLCF provides various data and information to its member affiliates.

The livestock industry is growing year by year due to the changing food habits of people which has created greater demand for animal proteins. For example, per capita meat consumption has gone up from 11.3 kg in 1980 to 19 kg in 1988. Similarly milk consumption has risen from 10.8 kg to 42.8 kg during identical period. The livestock cooperatives also face similar operational problems as faced by the agricultural cooperatives.

NACF and Structure

Korean agricultural cooperatives functioning effectively for the last four decades, have a two-tier system, primaries functioning at the grass-roots level and the federations at the national level. Presently, agricultural cooperatives numbering 1425 and specialised agricultural cooperatives numbering 43 with a total membership of about 2 million farmers are federated into the National Agricultural Cooperatives Federation at the national level. Similarly 144 local livestock cooperatives spread over every district and 27 specialised livestock cooperatives with a combined membership of 252,000 are federated into the National Livestock Cooperatives Federation. The National Fisheries Cooperative Federation serves 81 primary fisheries cooperatives engaged in coastal and deep-sea fishing.

Democratic form of election of presidents of primary cooperatives by members and election of presidents of the national apex federations by the presidents of the primaries were introduced in 1990 and all cooperatives are now having their own elected presidents.



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Credit, banking, input supply and insurance still account for a major share of activities of primary agricultural cooperatives although greater emphasis is being given to marketing of agricultural cooperatives. The on-line system of banking established by the NACF and its branches and with some of the primary cooperatives have helped cooperative members to use the cooperative channel to sell their produce. Till recently due to government policy there was not much of processing activities. But due to change in the policy recently, the NACF is trying to establish a number of processing facilities to add income to the farmers product. Storage and processing facilities in the country still need improvements.

The NACF and its affiliated cooperatives help the member-farmers through various other means such as joint purchasing of consumer necessities, joint utilization of machineries and some processing facilities, international banking, foreign trade, welfare activities and training and education of cooperative leaders and personnel working in various managerial and operational cadres. Emphasis of NACF activities has gradually shifted from development of farm households to welfare of rural community in general.

NACF Branch Offices

NACF branch offices throughout the country have taken to the rural population modern banking facilities with added opportunities for using resources mobilised by NACF in urban areas. Urban savings are productively used for rural development. The marketing services are well coordinated with proper communication networking and the branch offices monitor the balanced investment programmes through channelling of surplus funds to deficit and needy areas. The loaning system is quite efficient with loans getting sanctioned the same day of application and terms and interest rates are different according



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to source of funds. On-line system enables transfers and withdrawals at any given point in the country.

Marketing and Consumer Distribution Centres

The agricultural cooperative and marine wholesale marketing centre at Garak near Seoul, one of the 17 wholesale markets in the country and the cooperative consumer distribution centre are serving as important links between producers and consumers. The wholesale market in Garak is one of the five main markets for fruits and vegetables, marine and livestock products. Produce is marketed by auction and participated by 164 designated dealers. Price compensation scheme upto 90% of losses operates if prices of certain fruits and vegetables go below 80% of prevailing market prices. Cash movements are carried out through on-line system. Five companies including NACF operate in the market and the commission charged is 6% out of which 4.8% goes to the primary cooperative. 0.5 % is charged as fee on marketing turnover and for facilities like cold storage to the licenced wholesalers.

The consumer distribution centre established in 1988 by the NACF aims to cut short the role of middlemen in marketing and to increase the price to be paid to the producers. Forty items of fruits, 120 kinds of vegetables and 30 types of grains, in addition to livestock and processed items, are handled by the distribution centre daily. 280 cooperative supermarkets and 20 private supermarkets are the bulk consumers benefited by this distribution centre. The total marketing turnover during 1992 was 43 billion won and during 1993 the turnover projection is 50 billion won and 55,000 m/t of products. Orders collected by 9 am daily are executed the same day. Minimum price is based on previous day's wholesale auction price of Garak market. Commission charged is 4.8%. The Centre is expected to break-even during 1993, after three years of operation.

Cooperative Education and Training

Anseong Cooperative Leaders' Training Centre is an unique education institution in Korea established in 1983. The Institute conducts short-term courses for cooperative leaders and members and each group is composed of 300 persons and the training duration is of one week. Special groups are trained as per requests for specific periods. The mixed groups of leaders and employees help in creating better understanding of each other's needs. Another unique feature is the resident faculty which enables complete mix of faculty and trainees. Each selected



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cooperative nominates about 10-20 leaders for training purposes. Besides general training, interested groups including women and youth form the basis of specialised training. Out of 150,000 cooperative leaders in the country, the institute has so far trained more than 75,000 leaders. Follow-up activities are given emphasis after training. Many leaders want to return to the institute for a second or third time for training purposes proving the affectivity and usefulness of the training imparted.

The Junior agricultural cooperative college operated by the NACF near Seoul takes care of the interests of employees and offers training facilities for staff and potential employees. Students trained in the college get employment in the various cooperatives at primary and national levels. Recently the college has also started leadership training course for members of cooperatives.

Livestock Cooperatives

National Livestock Cooperatives Federation (NLCF), established in 1981, has made considerable progress during the past 12 years and has introduced several services and facilities to its member cooperatives. Serving 144 livestock cooperatives and 27 specialised cooperatives with a total membership of 252,000, the NLCF operates and guides its membership with banking, insurance, marketing, purchasing, operation of feed mills, pasture management, livestock improvement through guidance and introduction of better quality breeds and processing and marketing of livestock products through the Seoul Livestock Products Marketing Centre. The current emphasis is on the rearing of quality domestic animals for meat products to face the competition from imported meat products.

Anyang Livestock Cooperative

The Anyang Livestock Cooperative is one of the largest livestock cooperatives located in the Seoul suburban area. Established in 1957, the cooperative has four branch offices engaged mainly in banking business. Out of 1964 livestock raising farmers, 1857 are members of the cooperative owning 339 breeding cattle, 1188 daily cattle, 314 heads of pig and 86235 poultry birds. The total amount of investment was 2,329 million won at an average of 1.3 million won per member. At the end of 1992, the society had 75.3 billion won as deposits and loaned 2.3 billion won to its members. It operates one feed mill with 200 m/t capacity per day. Total production quantity during 1992 was



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113,000 m/t comprising different feeds for different livestock animals. The turnover during 1992 for purchasing business was 361 million won, and for marketing 4,510 million won. Artificial insemination centres and Korean native cattle improvement centre, and dairy cattle improvement centres help the members in producing better breeds and improvement of quality of their cattle. In addition the society offers guidance and educational activities and a sum of 325 million won was utilised for this purpose.

Seoul Dairy

The Seoul dairy cooperative complex operates three dairy plants and processes 1200 m/t of raw milk daily into pasteurized milk, butter, powder, yoghurt and ice cream. The plant visited by the participants has a daily capacity of 420 m/t. Established with 50% investment capital as loan from Japan, this plant caters to the demands of Seoul city consumers. 350 employees work in this plant. Raw milk collected through its various collection centres is distributed to the consumers in Seoul city after due processing. Quantity of by-products are determined on the surplus quantity available during various seasons. The Seoul dairy accounts for 25% of milk while all dairy cooperatives process 40% of the total milk produced in Korea.

National Fisheries Cooperative Federation

The National Federation of Fisheries Cooperatives (NFFC) is the apex organisation for fishery cooperatives engaged in coastal and off-shore fishing. 81 primary fishery cooperatives with a membership of 157,335 fishermen is served by the NLCF by providing credit for boats and fishing gear. Rate of interest on this is only 5%. Almost one hundred per cent of fishing households are members of fisheries cooperatives. The share of coastal and off-shore fishing is 26% out of which 22% is accounted for by the NFFC. About two percent of total marine product exports are channelled through the NFFC.

General

The overall position of cooperatives in the Republic of Korea is on a secure ground of strong economic base now supported by a strong and democratically elected leadership. Structural changes like separation of banking activities from other non-banking activities, as contemplated by some policy makers in the new-government, if implemented, would create serious problems for the primaries and their national apex organisations as credit and banking form an important base for cooperative activities in the country.

For a cooperative institution which is engaged in marketing and supply of farm products and which has to remain in constant touch with the basic farmer-members (the producers), an active credit line availability is essential. Credit is an integral component of an agricultural cooperative, without which the marketing and supply activities would not produce effective benefits for the members.



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PART - II

NATIONAL REVIEW WORKSHOP ON MANAGEMENT OF AGRICULTURAL COOPERATIVES (FOLLOW-UP WORKSHOP), REPUBLIC OF KOREA MAY 06 - 08, 1993

Background

The Project has now completed seven years of its operation and 105 participants holding middle and senior managerial positions in their respective organisations have so far been trained. A total of 103 project proposals have so far been prepared and submitted by the Participants as part of their home country assignments.

In the Asia Pacific Region, level of development specially in the agricultural cooperative sector varies a great deal from country to country. The management capabilities of the Japanese agricultural cooperatives have given boost to business operations of agricultural cooperatives not only within the country but also abroad. Cooperatives have been dealing in import of a variety of agricultural products mainly to enhance the business of agricultural cooperatives, for instance, import of fertiliser-basics, animal feed etc. Agricultural cooperatives in Japan and Korea have also successfully, to a certain extent, influenced government policies with regard to import of certain critical agricultural products e.g. rice and fresh vegetables. It is feared that if such imports are liberalised, domestic farmers would suffer. Also cooperatives in these countries have mounted strong publicity campaigns in favour of enhancing consumption of home-grown rice and rice products.

Similarly, agricultural cooperatives have inter-woven cleverly the fabric of agricultural credit resulting into a smooth, sufficient and easy supply of funds to agricultural cooperatives. High scale mechanisation of agricultural operations is another positive factor.

In other countries of the region, agricultural credit has always been a key factor in sustaining agricultural production and in maintaining adequate food buffer stocks. Agricultural cooperatives play an important role in supplying food to such national stocks. Agricultural processing efforts are being enhanced and greater stress is being increasingly laid on developing infra-structure which is conducive to the growth of agricultural production as well as the agricultural cooperatives. These include: production of chemical fertilizers, effective and judicious use of farm chemicals, warehousing techniques, farm machinery development, environment friendly operations, intensification of farm extension activities in the form of farm guidance and better living activities within the agricultural cooperatives. All these efforts have borne some good results in many countries. However, there have been problems of management



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of personnel and enhancing participation of members in the operations and organisation of their cooperatives. It is also important that relationship between the employees and board on one side and between the cooperative and its members on the other are harmoniously nursed, cultivated and sustained. For this, a lot of responsibility rests on the operational managers in agricultural cooperatives.

There is also a clear need to strengthen the basic character of a cooperative institution. Unfortunately, in several countries of the Region the State tends to over-ride the wishes of members of cooperatives, and the State tends to plan for the cooperatives. State also tends to manage these cooperatives. If such a situation is allowed to prevail, the State tends to control the management of cooperatives and the members, who are the owners, tend to go out of focus. They shift their loyalties and ignore their relationship with their cooperatives. Cooperatives, consequently degenerate and allow themselves to be called 'State agencies'. Cooperatives, if genuine and self-sustaining, can bring benefits to the members and to the community at large. Cooperatives, if democratically-controlled and efficiently managed on sound management principles, can bring enormous economic benefits to the members. Dairy cooperatives, sugar cooperatives, oil-seed cooperatives in India, in particular, are good examples of bringing additional benefits to their members through the application of value-addition principle. The entire agricultural cooperative operations in Japan and, to some extent in Korea, are geared to bring benefits to the members through instituting agro-processing activities and by setting up on-the-spot grading and packing facilities.

In shaping the destiny of a cooperative, the manager plays a vital role. The manager communicates the needs of the members and the community to the board, and the board of management then responds to these expressed needs. Members will begin to rally around their cooperative if they receive some economic benefits. Managers, thus have the responsibility to producer member-oriented and community-oriented programmes and business plans for the consideration of board of management.

It is in this context, that the ICA/Japan Project falls in a sharper focus, strengthening management of agricultural cooperatives. The main effort of the Project has so far been on improving the quality and skills of the managers so that they are able to plan better for their cooperatives and with value-addition benefits to the basic owners - the farmer-members.



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The Follow-up Workshop

With a view to assess the probable areas of success and the problems faced by the project promoters, and to exchange views with the former participants, a programme of follow-up with former participants was included for the first time, within the financial resources of the seventh training course. Consequently a National Review Workshop on Management of Agricoops was organised for three days in the Republic of Korea from 6th to 8th May 1993 at which all the former participants were invited to share their experiences with the seventh course participants.

The Workshop was organised with the following objectives: To find out the present status of implementation of the respective projects prepared by the former participants and to know their experiences in implementing their projects and problems faced by them, if any. Suggestions for improving the subsequent training course programmes in the light of their experiences were also to be sought.

Out of the 103 project proposals submitted by the participants, a number of projects are in different stages of implementation in various participating countries. Some of the projects could not be implemented due to a variety of reasons.

A list of former participants from the Republic of Korea who had attended the previous courses under the ICA/Japan programme is placed as Annex-I.

A copy of the work programme followed during the National Follow-up Workshop is placed as Annexe-II.



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Though regular contacts with the former participants are being maintained in the ICA ROAP, it was felt that an effective face to face communication will bring about better follow up action results.

With this in view, and to assess the probable areas of success and the problems faced by the project promoters, and to exchange views with former participants, a programme of follow-up with former participants was included in this year's training programme for the first time. Taking advantage of the visit to the Republic of Korea for field study visits, the first follow-up Workshop was organised in Korea from 6th to 8th May 1993. All the 12 former participants from the Republic of Korea were invited to attend the Workshop held in Seoul Manhattan Hotel. The participants of the 7th training course also attended the workshop to exchange views with their seniors to understand the various technicalities involved and the problems faced by the former participants in implementing their projects.

Out of twelve former participants, eight participants, seven representing the NACF and one representing the NLCF, attended the Workshop sessions and presented status papers on their projects' implementation. Out of the remaining four former participants, two are currently in USA for higher education and two were out of Seoul on official work and could not attend.

Senior officers of the NACF in charge of planning and implementation and coordination of international operations attended the Workshop and guided the deliberations. Mr Shiro Futagami, Managing Director of IDACA, also attended the Workshop on special invitation from the ICA ROAP.

The Workshop experience, first of its kind so far, has been found to be very useful in assessing the follow up of project implementation in Korea. It is really gratifying to note that out of the twelve project proposals submitted so far, three projects are in full operation, three project proposals have been accepted in principle for implementation and the concept of one project has been accepted nationwide as a developmental strategy. Thus a total of seven projects are now successfully working or being planned for execution in the country and credit goes to the participants, the NACF and the cooperatives for accepting the project ideas and implementing them to achieve the ultimate objective of the Project, i.e. to give increased income to the member farmers by way of value adding activities.



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Based on the success of this follow up workshop, the ICA now plans to hold similar short-duration workshops for former participants from India, Sri Lanka and Thailand. Overview of the Project implementation position could be clear once a number of these kinds of follow-up workshops are held and their deliberations assessed.

The formal inaugural session of the workshop was addressed by Mr Yong Jin Kim, Director-General of the International Cooperation Department of the NACF, Mr Shiro Futagami, Managing Director of the IDACA, and Dr Daman Prakash, ICA Project Director.

Status of Implementation of Projects

The current position of various projects implementation are as follows:

1. Integrated Area Development Project by Mr Jin Woo Kim, participant to the First Training Course, 1986/87

The Project was conceived to cover 2 villages and 157 farm households to increase the income of the farmers through organised integrated approach like better alternative cropping patterns, increasing heads of cattle, reduction of labour force through mechanization to reduce the work burden on aged labour working in the farms and to encourage participation of younger farmers to take over the responsibilities from their elders and thus reducing the migration to cities. Reorganisation of cropping patterns and marketing support for farm produce was also envisaged. Although the project as such could not be implemented in the area for which it was designed, the concept of integrated cooperative development approach was well appreciated by the NACF and it has become a part of its developmental strategies for future. The integrated area approach was adopted in several other project areas of NACF cooperative network.

Thus the project could be taken as successfully implemented to benefit the farmer-members.

2. Cheongsan Kimchi Plant Project, by Mr Hyang Kyu Lee, participant to the Third Training Course, 1988/89

The Project has been implemented and is fully operational. The Project is implemented by the Cheongsan Agricultural Cooperative, located about 4 km away from the main office of the cooperative, it was started in 1989 and completed on March 29, 1991. The Plant is now in full operation for the last two years.



With the implementation of this project, farmers' desire for PAC to handle their radish and Chinese cabbage for Kimchi processing has been achieved. The plant processes 17 metric tons of kimchi including salted vegetables daily. Yearly production capacity is 5,100 m/t for 300 days of work. The plant produces different varieties of kimchi and Chinese cabbage kimchi is the main item of production. The plant has started exporting its kimchi products to Japan recently.

The plant has 110 employees and the President of the Cooperative is also the President of the Plant. Since the plant is located near the city of Seoul and military installations, marketing is not a major problem. The plant, of course, experiences shortage of raw materials at times and efforts are being made to overcome this difficulty.

The following investments have been made by the cooperative with financial assistance from the NACF and the government:

Land	242 million won
Building-plant, cold storage storage, office etc.	1642 million won
Machinery	408 million won
Transport vehicles	138 million won
Constructed facilities	215 million won
Others	392 million won
Total investments	3,037 million won.

For the construction of the plant, the cooperative got government loans of 335 million won, NACF loans of 2.899 billion and own funds of 305 million won. NACF also loaned 700 million won for working capital requirements.

Marketing is done through 10 NACF supermarkets in Seoul and Incheon cities, 60 supermarkets of primary agricultural cooperatives and 18 regional sales agents. Sales turnover for the year 1992 was: ordinary sales 1,655 million won; military supply 424 million won; and exports Won 347 million. The plant is at present incurring losses due to initial overhead costs and is expected to break even within two years.

The Plant has brought the following benefits to the farmers:

- i. Increase in vegetable production in the area due to stable assured market for the products;
- ii. Increase in farmers income both direct and indirect like employment to farm household women;



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- iii. Better quality kimchi produced and readily available with a dependable coop brand name.

With the implementation of the Project, the image of the NACF as an organisation working in the interests of farmers has also increased in the area of operation.

The NACF arranged a visit to this Plant for the benefit of participants and resource persons from the ICA and the IDACA.

3. Fruit Processing Mill Project by Mr Sang Derk Lee, participant to the Fourth Training Course, 1989/90

The Project has been implemented and is fully operational. The project started work in 1990 and was completed in June 1992 by the Sam Ran Jin Primary Agricultural Cooperative, with the active support of the NACF and the government. The project has been designed for fruit processing and fruit storage in frozen form. The total capital cost of this project was 2,760 million won. Main products processed include ; semi-processed strawberries, peaches, and grape juice.

The production cost during 1992 was 558 million won, while the sale proceeds was Won 592 million won resulting in a profit of 34 million won. Increase to the member-farmers' income, both direct and indirect, was Won 465 million.

The problems faced in implementing this project proposal included escalation in cost estimates resulting in cost overruns, lack of technical expertise with the cooperative, and lack of knowledge of modern techniques of fruit processing. However, all the difficulties were overcome with the active help and support of NACF and the positive approach of farmer-members.

Due to rapid industrialization of rural areas, the plant area is experiencing shortage of labour especially during farming seasons. Working capital shortage is being experienced by the plant during peak fruit season. Difficulty to attract really competent technical personnel for the operation of the plant, area being rural and wages being comparatively low, does not attract talented technicians. Loss in processing due to perishability of raw material is high. The cooperative is however hopeful of surmounting all the difficulties and problems with the active support of its members and of the NACF and to progress in the years to come.



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4. Kyungbuk Apple Processing Plant, by Mr Hyun Keun Myung,
participant to the Sixth Training Course 1991/92

Established in 1927, the Kyungbuk Apple Cooperative is serving Taegu city and Kyungbuk province with a membership of 12821 persons with an orchard area of 10,795 hectares and an annual production of 257,960 metric tons of apple. The area of operation of the society called the apple country is famous for its quality apples and the society, in addition to its regular activities of credit and marketing, has branched into processing. The society had established a corrugated cardboard box factory for packing of apples in 1989 and established an apple juice processing complex in 1992. Incidentally it is gratifying to note that the apple juice plant was the project proposal prepared by Mr Hyun Keun Myung, sixth course participant and it is one of the six projects being operational in the Republic of Korea.

The value adding activities of the society have greatly contributed to the increase in incomes of farmer-members in the area. The apple juice plant produces 100% pure apple juice, the first of its kind in Korea. In addition to processing apple (cloudy and clear types) the society exports apples to Japan and during 1992 exported 1,563 metric tons of apple amounting to a foreign exchange earning of Won 1,630 million. Input supply, marketing, processing, mutual credit and insurance are the major activities of the society. The society owns a cold storage warehousing with a storage capacity of 60,000 apple boxes, a packing plant and a sorting house with a total investment of Won 20.6 billion. The society's apple juice has caught the consumers attention and is having a good market share in the country. A high-profile publicity campaign for this product has been put in operation.

The Project is implemented and is fully operational. The plant is being operated by the Kyungbuk Apple Cooperative. Kyungbuk province has the largest apple growing area in Korea with 450,000 tons of apple production, 65% of total production in the country. Hence the need was felt for processing of apples into juice to give added benefit to the farmers. The Project idea was conceived with the above objective.

The plant became fully operational in November 1992. Investment on the plant is as follows:

Land	5,310 million won
Building for plant	350 "
Cold storage	188 "
Packing house	123 "
Office building etc.	95 "
Sorting centre	47 "
Total investment	6,113 million won.



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Asia & the Pacific

For the above investment, the cooperative received financial assistance from government by way of subsidy of Won 1200 million, a soft loan of Won 1,500 million won, term loan from NACF of 3,000 million and society's own funds of Won 11,149 million.

The plant produces 100% pure apple juice, first of its kind in Korea and natural cloud apple juice. The products of the plant are marketed through consumer packs and bottles and cans and is very well received by Korean consumers. NACF's cooperative chain stores, supermarkets and private stores function as marketing channels for the product and an intensive advertisement campaign has been launched by the cooperative to further encourage consumption of pure apple juice. Vigorous efforts are also being made to export the products to Japan and few European countries. Though the price is comparatively higher, consumer preference for the product has been established due to pure and high quality of juice.

The benefits of this Project could be listed as follows:

- i. Consumption pattern from raw fruit consumption to pure apple juice is getting changed.
- ii. Use of apples for processing during seasons and off seasons. Thus ensuring better prices for producer members.
- iii. Employment opportunities for member-farmers and their family-members, both part and full time basis.
- iv. Benefits to members by way of better prices for their good quality apples, as well as use of other quality products for processing and by receipt of dividends on plant operational profits.
- v. Processing activity has enhanced the image of the cooperative as well as that of NACF as organisations working in the interest of farmer-members.

The plant was visited by the participants as part of the study visits programme and participants had the chance of tasting the products of the plant.



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5. Feed Mill Project in Jeonla Province by Mr Lee Yun Hee, participant to the Second Training Course, 1987/88

The Project is under active consideration for implementation. The Project was planned to establish a feed mill of 300 tons per day capacity in Jeonla province and was to be implemented by cooperatives in the province jointly., Main product was envisaged as feed for beef cattle. Due to government policy of not allowing new feed mills establishment, due to imports from abroad, this project could not be implemented earlier. But due to recent changes in governmental policies to revise the feed control act, it is hoped that the long cherished desires of farmer members in the area will be fulfilled. Due to the change in the government policies, the NACF has now decided to construct three feed mills including the above proposed one in the near future.

6. Dairy Plant in Kimje Area prepared by Mr Byung Ho Jeong, Participant to the third course, 1988/89

The Project is under active consideration for implementation by the National Livestock Cooperative Federation for the establishment of a dairy plant in Kimje area of Korea. The NLCF priority of investment is for older projects and this project will be implemented later. A meat processing plant is under consideration of the NLCF in the area of the project.

7. Choongnam Dairy Plant Project by Mr Won Tae Kim, Participant to the Sixth training course, 1991/92

The NLCF has accepted, in principle, to implement this Project and efforts are on to purchase the land for the site. An agreement to purchase the land has already been cleared. Implementation schedule will be worked out in the near future.

8. Feed Mill Plant by Mr Byung O Kang, participant to the 4th training course, 1989/90

The Project is under implementation. Construction activities are on and the Project is expected to be functional in a few years time.

9. Marketing of Chinese Cabbage Project by Mr Chong Hyun Baik, Participant to the first training course, 1986/87

The Project could not be implemented due to change in the cropping pattern in the area and due to personnel problems.



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10. Cold Storage Project by Mr Chung Shik Shim, participant to the Second training course, 1987/88

Due to cost overruns and change in policy, it has not been feasible to implement this project. Cold storages are no more viable economic propositions in Korea unless the capacity is huge. Small cold storages have proved uneconomical and hence the project may not be implemented.

11. Red Pepper Processing plant by Mr Shin Kie Yup and
12. Meat Processing Mill by Kyu Hyun Lee, participants to the Fifth training course, 1990/91

Both the participants are currently pursuing higher education in USA and hence the present status of their projects could not be ascertained.

General

The follow-up exercise proved very useful in getting the latest information on the implementation of different projects and it is really gratifying to note that a few of them are actually working and were visited by the participants, the ICA and IDACA resource persons. The exercise has encouraged the ICA to conduct similar exercises in other countries which will enable the ICA to document the implementation of the projects for submission to the Donors, the Ministry of Agriculture, Forestry and Fisheries of the Government of Japan.

The exercise has given adequate pointers that the Training Courses and participants' efforts have not been in vain and that many projects, functioning in different countries, though small, are making their own contributions to achieve the ultimate aim of the Project and its objectives i.e. to increase the income and standard of living of small farmers through value added activities.



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CONCLUSIONS

The first national follow-up workshop for former participants from the Republic of Korea was organised by the International Cooperative Alliance Regional Office for Asia and the Pacific in collaboration with the National Agricultural Cooperative Federation (NACF) at Seoul, May 6-8 1993. The workshop was held in conjunction with the study visits programme of the 7th training programme in the Republic of Korea. Until the conclusion of the 7th programme, a total of 14 participants had participated in the ICA/JAPAN training programmes from Korea. 9 came from the NACF structure and 5 were sponsored by the NLCF. 12 former participants were invited to the national follow-up workshop. Two of the participants were unable to attend because they were continuing their higher studies in the United States. 10 participants responded to the invitation. 7 of them produced their status papers and made their presentations. One of them made an oral presentation.

The presentations were very useful and full of information and indicated that they were able to make the best possible use of the training imparted to them during the training programme. A description of the work done by them on their development projects has been included in the follow-up workshop report. Based on the presentations made and the discussions that followed the following main points emerged:

01 The projects were found to be technically sound and suitable for implementation. The sponsoring organisations considered the projects favourably and tried to integrate them in their own development plans. This indicated that the sponsoring organisations appreciated the relevance of knowledge and technical skills gained by the participants during their training programme.

02 The participants themselves were actively involved in the follow-up of their projects and put all their efforts in convincing their organisations of the usefulness and technical strength of their projects.

03 The participants sponsored their projects in the provinces through their network and persuaded the primary cooperatives to take up their projects. In several cases these projects were picked up by the primary cooperatives for implementation and were implemented. This goes to strengthen the view that wherever a development initiative is taken, development takes place and people gradually come to accept the development process. The projects were the development instruments.

04 The sponsoring organisations also played their roles positively by providing their officials with the required encouragement and support by including their projects/concepts in their development plans. Some of the projects thus included, however, could not be implemented mainly due to the government



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policies which did not favour such projects e.g., feed-mills or agro-processing activities. These projects are however, being pursued and the sponsoring organisations would implement them as and when such policies become favourable.

05 The sponsoring organisations and all the participants-former participants and the current course participants - were unanimous in their opinion and belief that the technical training provided to them under the ICA/Japan programme is relevant and of extreme value to strengthen the management of agricultural cooperatives in the Region. The participants, especially from Korea, indicated that their learning experience in India and Japan were valuable and highly relevant to their home situations.

06 In the implementation of their projects, the participants narrated a number of problems. Some of the problems were relating to the priorities of their organisations, some related to the general policies of the government and some concerned their own placement within the organisation e.g., their level of operation, their high ambitions to produce an ambitious project and their inability to process their projects in relation to their home situations. The participants, however, made the following points:

- i The projects prepared by them should be institutionalized and integrated in the development plans of their sponsoring organisations, if these projects are to be implemented. The sponsoring organisations should provide the needed encouragement and logistic support to their candidates and help them to implement their projects. The sponsoring organisations should have the will to help their constituents by proposing, setting-up and implementing the development projects which are beneficial to them.
- ii Projects to be prepared by the participants should not be in contradiction with government policies and guidelines.
- iii From project conception to its implementation there are a number of steps which need to be cleared e.g., overall acceptance of the project idea, obtaining the general approval of the project, allocation of the needed funding, identifying an executing agency, setting up marketing strategies, fixing responsibilities with the primary cooperative and marketing agency, etc. In order to cover these steps in a logical manner, it is necessary that the project enjoys all the needed support.
- iv Lack of adequate funding. Problems in mobilising financial resources, from within and outside.
- v Lack of experience in implementing technical projects. Difficult to locate and identify experts to execute small projects. Such expertise is generally not available at the primary cooperative level.



- vi Problem of marketing if the quantity of end-product is too small. Without any network support, it is difficult for a primary cooperative to compete with the private traders.
 - vii Primary cooperatives if prevailed upon to execute a small project generally look for quick profits and a faster break-even point. For the local leaders it take a lot of time to understand the mechanism of operating a production plant.
- 7 The former participants had made some first-hand remarks and comments which are reproduced here:

"It goes without saying that I kept in contact with the staff of the Kyungbuk Apple Growers Cooperative constantly to proceed with the project and I made a lot of suggestions. But I cannot tell you how much influence I had on the plant...Such a big plant cannot be built with only one person's ability...I think that the project prepared by me is just only a symbol of my improved capability after learning." (Hyun-Keun Myung). "The main objective of the project was not for the implementation of the proposed project in the very villages which the project had targeted, but for the finding out the way of choosing best options among varied possible alternatives for the betterment of members in the proposed area." (Jin Woo Kim). "The Government has refused to permit new feedmill for regulation of increased consumption of imported feedgrains and modernization of feedmills since 1980. But the Government is considering revision of Feed Control Act in the second half of 1993. Then one of long-fostered wishes of NACF will be fulfilled. The NACF has planned 3 feedmills including one in Jeonla province." (Yun-Hee Lee). "There is a financial constraint - 582 members and 590 million Won in net capital...However, these obstacles are being removed in view of the fact that Cheongsan Kimchi Plant is the first out of NACF's Kimchi industry and on the strength of the government's support including NACF in consideration of the prospect of long-term demand...It would be contributing to NACF's credit and consumers' demand enlargement provided that Kimchi Plant could produce and supply products with hygiene and good taste." (Hyang-Kyu Lee) "I have been working with the NACF for 23 years but I think that I learnt more about cooperatives through ICA/Japan training course...I am making use of the learning and experiences which I got through the course in my work very effectively, for training my staff and educating member-farmers." (Sang-Derk Lee). Referring to the financial problems "At first money for the project was to be made up 90% from Livestock Development Fund and 10% from cooperative investment. When NLCF asked the government for the LDF, a lot of milk processing companies objected and started to lobby the government to prevent NLCF from setting up the factory, insisting that NLCF should not operate the profitable business because NLCF is a non-profit organisation. So the MAFF-Korea got into a

dilemma if it should provide LDF to NLCF or not...The NLCF claimed that it has mainly emphasized on the extension services for increasing productivity in the past but in the future NLCF cannot protect farmers' rights and interests without participating in marketing and processing. Now the NLCF has been granted permission by the government to use LDF...I hope the ICA/Japan training course will be continued and contribute to the development of cooperatives in the Asian region, as it has done until now." (Won-Tae Kim).

8 The national workshop was of the unanimous view that such national follow-up workshops should be organised in other countries so that the former participants have a chance of getting together and exchange their views and experiences.

Concluding Session

The concluding session of the 7th ICA/Japan Management Training Programme and the first National Review (Follow-up) Workshop was held at the NACF premises on 8th May 1993. The session was addressed by Mr Churll Hee Won, Executive Vice-President of the National Agricultural Cooperative Federation, Mr Shiro Futagami, Managing Director of the Institute for the Development of Agricultural Cooperation in Asia (IDACA)-Japan, and Dr Daman Prakash, ICA Project Director. Mr Won congratulated the 7th Course participants for successfully completing the course and wished them well in their future assignments. Mr Won appreciated the efforts and contributions made by the ICA ROAP and the Government of Japan in contributing to the technical competence of Korean participants through this well-designed and efficiently-executed training programme over the years. "We have benefited a great deal from this training programme", said Mr Won. Mr Shiro Futagami addressing the session also congratulated the participants on their successful completion of the 6-month long course and hoped that the experiences gained by them in the four country situations would be of use to them in their future work. He felt the follow-up workshop for former participants from Korea was very useful and had given more encouragement for further work. He requested the participants to do their utmost to see that the projects prepared by them are implemented so that some benefits could accrue to the grass-roots level farmers. Mr Won and Mr Futagami thanked the ICA and Dr Daman Prakash and Mr Ganesan for successfully implementing the programme to its fruitful conclusion.

Dr Daman Prakash thanked the National Agricultural Cooperative Federation and its senior officers for their able assistance and collaboration for successfully completing the study visits programme and the national follow-up workshop programme in Korea. Dr Prakash thanked Mr Shiro Futagami for having accepted the ICA's invitation for participation in the follow-up workshop and for all the guidance given by him to the participants during the deliberations.

Certificates of Attendance signifying the successful completion of the training were awarded to the participants of the 7th course jointly by Mr Churll Hee Won, Mr Shiro Futagami and Dr Daman Prakash.



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ANNEXE-I

PARTICIPANTS FROM THE REPUBLIC OF KOREA
ICA/Japan Courses FIRST - SEVENTH

01	NACF	Mr Chong Hyun Baik National Agricultural Coop Federation 1-75 Chung-gu, Chungjeang-ro <u>Seoul</u> . Republic of Korea	1986-87
02	NACF	Mr Jin Woo Kim Agricultural Coop Junior College Wong Dang ri, Won Dang Emp Gayang Kun, Gyeong gi do Republic of Korea	1986-87
03	NACF	Mr Yun Hee Lee National Agricultural Coop Federation 1-75 Chung-gu, Chungjeang-ro <u>Seoul</u> . Republic of Korea	1987-88
04	NACF	Mr Chung Shik Shim Kang Won Training Centre of NACF 431 Tai Ke Dpong, Choon Chun City Kang Won Province. Republic of Korea	1987-88
05	NACF	Mr Hyang Kyu Lee Member, Coop Supporting Department National Agricultural Coop Federation 75, 1-ka Chungjong ro, Sung-ku <u>Seoul</u> . Republic of Korea	1988-89
06	NLCF	Mr Byung Ho Jeong Assistant Manager, Research Dept National Livestock Cooperative Federation 451 Songnae dong, Kang dong gu <u>Seoul</u> 134 030. Republic of Korea	1988-89
07	NACF	Mr Sang Derk Lee Associate Professor Ansong Cooperative Leaders Training College-NACF Ansong. Republic of Korea	1989-90
08	NLCF	Mr Byung O Kang Assistant Manager, Research Dept National Livestock Cooperative Federation 451 Songnae dong, Kang dong gu <u>Seoul</u> 134030. Republic of Korea	1989-90



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- 09 NACF Mr Shie Kie Yup 1990-91
Assistant Director, Research Dept
National Agricultural Coop Federation
75, 1-ka, Chongjong ro, Jung-ku
Seoul. Republic of Korea
- 10 NLCF Mr Kyu Hyun Lee 1990-91
Manager, Int'l Banking Dept
National Livestock Cooperative Federation
451 Songnae dong, Kang dong gu
Seoul. Republic of Korea
- 11 NACF Mr Hyun Keun Myung 1991-92
Farm Management Division
Rural Development Department
National Agricultural Coop Federation
75, 1-ka Choongjong Ro
Jung-ku. Seoul Republic of Korea
- 12 NLCF Mr Won Tae Kim 1991-92
International Cooperation Dept
National Livestock Cooperative Federation
451 Sungnae dong
Kongdong Gu
Seoul 134030. Republic of Korea
- 13 NACF Mr Han Jun Lee 1992-93
Economist, Research Department
National Agricultural Coop Federation
75, 1-ka Choongjeong-ro, Jung-ku
Seoul 100707. Republic of Korea
- 14 NLCF Mr Byeong Hak Lee 1992-93
Assistant Manager, Planning Dept
National Livestock Cooperative Federation
Seoul Dairy Cooperative
177-7 Sangbong dong, Jung-nang gu
Seoul. Republic of Korea

ICA/JAPAN NATIONAL FOLLOW-UP WORKSHOP
 FOR FORMER PARTICIPANTS FROM THE REPUBLIC OF KOREA
 Seoul. May 6-8 1993

P R O G R A M M E

May 6 1993
 Thursday

- 0900-0930 Inaugural Session
 -Welcome by Dr Daman Prakash, ICA Project Director
 -Statement by Mr Shiro Futagami, IDACA Mg Director
 -Inauguration by Mr Yong-Jin Kim, Director-General
 International Department of NACF
- 0930-1000 -Workshop working methodology
 -Distribution of Status Papers and Forms
- 1000-1015 Coffee Break
- 1015-1200 Presentation of Status Papers by former
 participants
- 1200-1300 Lunch break
- 1300-1400 Presentation of Status Papers/Discussions
- 1400-1530 Introductions by:
 -ICA Regional Office for Asia-Pacific
 -Institute for the Dev of Agr Coopn in Asia-IDACA
 -National Agr Cooperative Federation
 -National Livestock Cooperatives Federation
- 1530-1600 Coffee Break. Informal discussions.
- 1600-1800 -Completion of Status forms
 -Sharing of Experience (former participants
 and participants of the 7th Training Course)

May 7 1993
 Friday

- 1030-
 1700 Study visits to the projects of former
 participants
 -Chung San Agricultural Cooperative
 -Cooperative Kimchi Plant

May 8 1993
 Saturday

- 0930-1100 -Proceed to NACF office from Manhattan Hotel
 -Presentation of Evaluation Summary. D.Prakash
 -Summary of Status Forms. D.Prakash
 -Observation/Statement by Mr Shiro Futagami
 -Statement by Mr Yong-Jin Kim, DG/NACF
 -Statements by two participants:
 -one from former participants
 -one from current course participants

- 1100-1130 Coffee break
- 1130-1230 Concluding Session
Chaired by: Mr Churll-Hee Won, Executive
Vice-President of the NACF
- Distribution of Certificates
 - Congratulatory Message by Mr Churll-Hee Won
 - Closing Remarks by Daman Prakash
 - Vote of Thanks by Mr Ho-Kyum Lee, Director
of International Department NACF
- 1800-2000 ICA Farewell Dinner at Ashoka Indian
Restaurant, Hamilton Hotel, Itewon, Seoul.
-



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INTERNATIONAL CO-OPERATIVE ALLIANCE

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NATIONAL REVIEW WORKSHOP ON MANAGEMENT OF AGRICULTURAL COOPERATIVES - REPUBLIC OF KOREA

SEOUL. MAY 6-8 1993

GUIDELINES FOR PREPARING STATUS PAPERS

At the National Review Workshop you are required to present a brief and factual status paper on the work that has been done on your project proposal developed by you during your training, and the experiences that you had gained while attending the training programme. We would suggest that you follow the following structure for your paper:

I. Background

- a. Brief introduction to the course attended by you;
- b. In what way you have benefited from your training;
- c. How have you been able to make use of the learning and experiences in your current work.

II. Information on the project prepared by you.

- a. Title of the project; its salient features;
- b. If the project proposal has been implemented, what is the current status; its achievements; and how far have you been able to involve yourself in the implementation of the project;;
- c. Problems in the implementation of the project, for instance, organisational problems, financial constraints, your own personal problems;
- d. How were you able to overcome the problems in the implementation of the project;
- e. What could be the most probable solutions to the problems in the implementation of the project;



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P.O. Box 7011, New Delhi-110065, India.

III. Programme Utility

- a. How far you found the training programme useful in the context of your own work, from the point of your organisation.
- b. What could be the new additions to the programme.
- c. What could be deleted from the programme.

IV. Suggestions and Recommendations

You are encouraged to make suggestions and recommendations to the ICA leading to the general improvement and upgrading of the contents of future programmes.

Your paper should be brief, factual and to-the-point. It should not be more more than 10 typewritten pages.

You will be invited to make a brief presentation of your Status Paper to the National Review Workshop for about 30 minutes followed by discussions.

The ICA plans to carry out further studies on successfully implemented projects and you might be invited to provide further information on your projects.



National Follow-up Workshop on Management of Agricultural
Cooperatives-Republic of Korea (ICA/Japan Programme 1993)
Seoul. May 6-8 1993

QUESTIONNAIRE FOR FORMER PARTICIPANTS

The attached questionnaire is intended to (i) obtain a first-hand feed-back from you about the implementation status of the development project you had prepared while during the ICA/Japan training programme you had attended; and (ii) to produce a comprehensive report on on-going projects in various countries for the consideration of ICA authorities and donor agencies connected with the ICA/Japan Training Project. You are, therefore, the most relevant persons who could provide such an information. You are, therefore, kindly requested to fill in the enclosed questionnaire and deliver it to me for further processing.

Besides imparting skills in the preparation of a development project during your training, it was expected that the development projects prepared by you would be implemented in your country by your respective organisations. In some cases these projects have been implemented and in some cases these are under consideration. Whatever may be the situation, we would like to collect the most upto date information from all former participants for processing and for inclusion in a comprehensive report to the donor agency of this project.

In view of the above I would be highly obliged if I could receive your most upto date, objective and factual reports by making use of the enclosed questionnaire.

A handwritten signature in black ink, appearing to read 'Daman Prakash', is written over a horizontal line.

Daman Prakash
Project Director

ICA/Japan Management Trg Project.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office for Asia & the Pacific
43 Friends Colony, New Delhi 110065. India

April 25 1993



Regional Office for
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NATIONAL FOLLOW-UP WORKSHOP ON MANAGEMENT OF AGRICULTURAL
COOPERATIVES-REPUBLIC OF KOREA (ICA/JAPAN PROGRAMME) 1993
MAY 6-8 1993

Questionnaire for Former Participants

Course Number Attended _____

01 Full name (capital letters) _____

02 Current postal address _____

Phone _____ TeleFax _____

03 Current parent organisation and its full address

Phone _____ TeleFax _____

04 Your current post _____

05 Your current responsibilities (describe briefly)

06 Title of the development project prepared by you during the
ICA/Japan training programme

07 What is its current status? (being implemented or still
under consideration). Describe briefly the status.



Questionnaire -2-

08 If being implemented, please give the following details:

Who is implementing it? _____

How are you involved in its implementation? _____

Where is it located? _____

What is the capital input? _____

How long has it been under implementation? _____

What are its main objectives & activities? _____

Who are the partners in the working capital? _____

09 If not implemented, please give below the problems faced by you and your organisation in its implementation.

10 In case your original project has not been implemented, have you prepared or helped in the preparation of another project which is under implementation at present?

YES/NO

11 If YES, please give brief description of that project below:



Questionnaire -3-

12 In what way the training received by you during the ICA/Japan Programme helped you and your organisation? Please give a brief description below:

Four horizontal lines for writing the answer to question 12.

13 After the ICA/Japan Training Programme:

- a. Are you holding the same post? YES/NO
- b. Have you been promoted? YES/NO
- c. You have been given additional work? YES/NO
- d. You have been given additional staff? YES/NO
- e. You have given training to your staff on management techniques and preparation of development projects? YES/NO
- f. You were sent for further training abroad? YES/NO
- g. You were trained further in the country? YES/NO

14 In what sector under your organisation further development projects are needed/proposed for implementation?

Three horizontal lines for writing the answer to question 14.

15 What kind of development suggestions for improvement of management and value-addition projects have you made to your organisation (through your seniors)?

Four horizontal lines for writing the answer to question 15.

Date _____

signature _____



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STATUS PAPERS SUBMITTED
TO THE NATIONAL WORKSHOP

- 01 Present Status and Tasks of Kyungbuk Apple Processing Plant. Korea. Hyun-Keun Myung
- 02 Present situation of Cheongsan Kimchi Plant Hyang-Kyu Lee
- 03 Fruit Processing Mill. Sang Derk Lee
- 04 Status Paper on Feedmill Project in Jeonla Province. Yun-Hee Lee
- 05 Integrated Area Development Project-Chowol District Jin Woo Kim
- 06 Choongnam Dairy Plant. Won-Tae Kim

PRESENT STATUS AND TASKS
OF
KYUNGBUK APPLE PROCESSING PLANT

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PART I

PRESENT STATUS AND TASKS OF KYUNGBUK

APPLE PROCESSING PLANT

I . Background of the Apple Juice Plant

Apple growers are being seriously affected by foreign fruits flooding the domestic market in the wake of agricultural market liberalization. The massive imports have hit hard ,directly or indirectly. Furthermore most farm products will be freely imported by 1997 , as Korea is no longer the beneficiary of the GATT balance of payment (BOP) clause which allows developing countries to restrict imports of foreign products. To make matters worse , exports to Taiwan which is the biggest market for our apples has been suspended following the severance of diplomatic ties.

Because the apple growing is still more lucrative farming in Korea than the other crops in terms of international competitiveness, these adverse market conditions have not discouraged a lot of Korean farmers from entering the apple growing business in place of their traditional farming. Therefore we cannot help worrying about the overproduction of apples 3 or 4 years later.

Kyungbuk Province has the largest apple-growing area in Korea. The Province , which has the natural advantage for cultivation, is a renowned district for providing top quality apples.

450,000 tons of apples, which amounts to 65% of the total production of apples in Korea, are produced in Kyungbuk Province.

It is not too much to say that Kyungbuk Province is leading the apple industry in our country. But until quite recently ,almost all the apples have been consumed in the form of the unprocessed primary product. The reason lies in the weak processing techniques.

All things considered, it is natural that apple growers have called on the Cooperative to build a apple processing plant in its jurisdiction.

At this point of time, the Apple Processing Plant dedicated in November 1992 by the Kyungbuk Apple Grower's Cooperative is worth attracting public attention. We are sure that the operation of this plant will be a boon to apple growers and will be a turning point in beverage culture in Korea.

II. Investment in the Plant

Main facilities including the Juice Plant have been set up on a site of 17,526 Pyung (5,310 m²), breaking down its components as follows.

Item	Scale		
Land	17,526 Pyung	or	5,310 m ²
o Juice Plant Building	1,154	"	350 "
o Low Temperature Storage	621	"	188 "
o Packing House	407	"	123 "
o Training center, Office BLDG	317	"	95 "
o Sorting Center	156	"	47 "

* 1 Pyung = 3.3 m²

With a view to financing the Apple Juice Plant including machinery, 16.9 billion won, or 21 million dollars, including 2.7 billion won in government loans and subsidies has been raised.

Various sources of the funds are as follow.

Sources	Amount	Proportion
Subsidy from Gov't	₩ 1,212 million	7.2 %
Term Loan from Gov't	1,500	8.9
Term Loan from NACF	3,000	17.8
Self Raising Fund	11,149	66.1
Total	16,861	100.0

* 1 Dollar = 800 Won

III . Manufacturing Process

The advanced manufacturing process is designed to be conducted through the up-to-date factory automatic system.

Compared with the conventional method , this improved process deserves some merits such as saving labor forces , improvement of operating efficiency, and improving the quality of products.

This 100% Pure Apple Juice products developed by the Korean Food Research Institute have no artificial additives.

1) WASHING

The fruit washing equipment consists of 5 different stages including the flush spraying system, the vaporizing water channel and the rotating brush washer. Not only does it completely remove any substance from the apple, but it also gets rid of any damaged part of the apple that might deteriorate the quality of the juice.

2) INSPECTION

Only good materials make good taste. As they are washed, apples go through the very strict inspection process which completely sort out any unripe or rotten apples.

3) GRINDING

This process is an important stage that determines the taste, quality and liquid proportion of the pressed juice.

This process prevents the apple from turning brown. It functions to preserve the original flavor, color and smell of the apple.

4) PRESSING

The secret to the rich flavor, color and smell of the natural apple juice depends on this process. It is connected with first half smash tank and second half special juice-collecting tank, perfectly preserving the original taste and color.

N. Marketability of the Natural Apple Juice

1. Consuming trend

In accordance with income increase, consuming pattern of fruit has been changed. More and more consumers prefer natural juice that contains a high percentage of natural fruit.

As the average quantity of fruit juice consumed by a Korean is only 30 % level of that of a Japanese, the demand for the natural juice of 100% purity will increase sharply.

In a market survey conducted recently by the Cooperative, consumers responded that this natural apple juice was highly superior to existing juice in many respects such as nutrition, sweetness and freshness. Therefore, we think that it is only a matter of time that this natural juice can overtake the existing juice market.

2. Market Situation in Beverage

While the market share of fruit juice has been increased at an annual average rate of 22% since 1988, carbonated beverage has registered much lower growth rate of 7% per year. That figure alone shows that the un-natural beverage is shiftly replaced by the fruit juice. Especially the annual consumption of pure natural fruit juice rose to 100% in 1988, 60% in 1989, 91.2% in 1990 respectively.

The market share of orange juice accounts for more than 90% in the domestic fruit juice market. On the other hand, only 2% of the fruit juice market share is occupied by apple juice. Moreover all of the existing apple juice on the market is Clear Juice reduced from apple extract. There was no apple juice of 100% purity in Korea before this Plant started to produce juice.

Considering the existing market trends in Korea and the 40% growth of the share of apple juice in Japan's fruit juice market in 1991, we can predict that the market share of Korean apple juice will be expanded rapidly.

3. Marketing Strategy

One of the important marketing strategies is to target the beverage market with HIGH QUALITY, and HIGH PRICE.

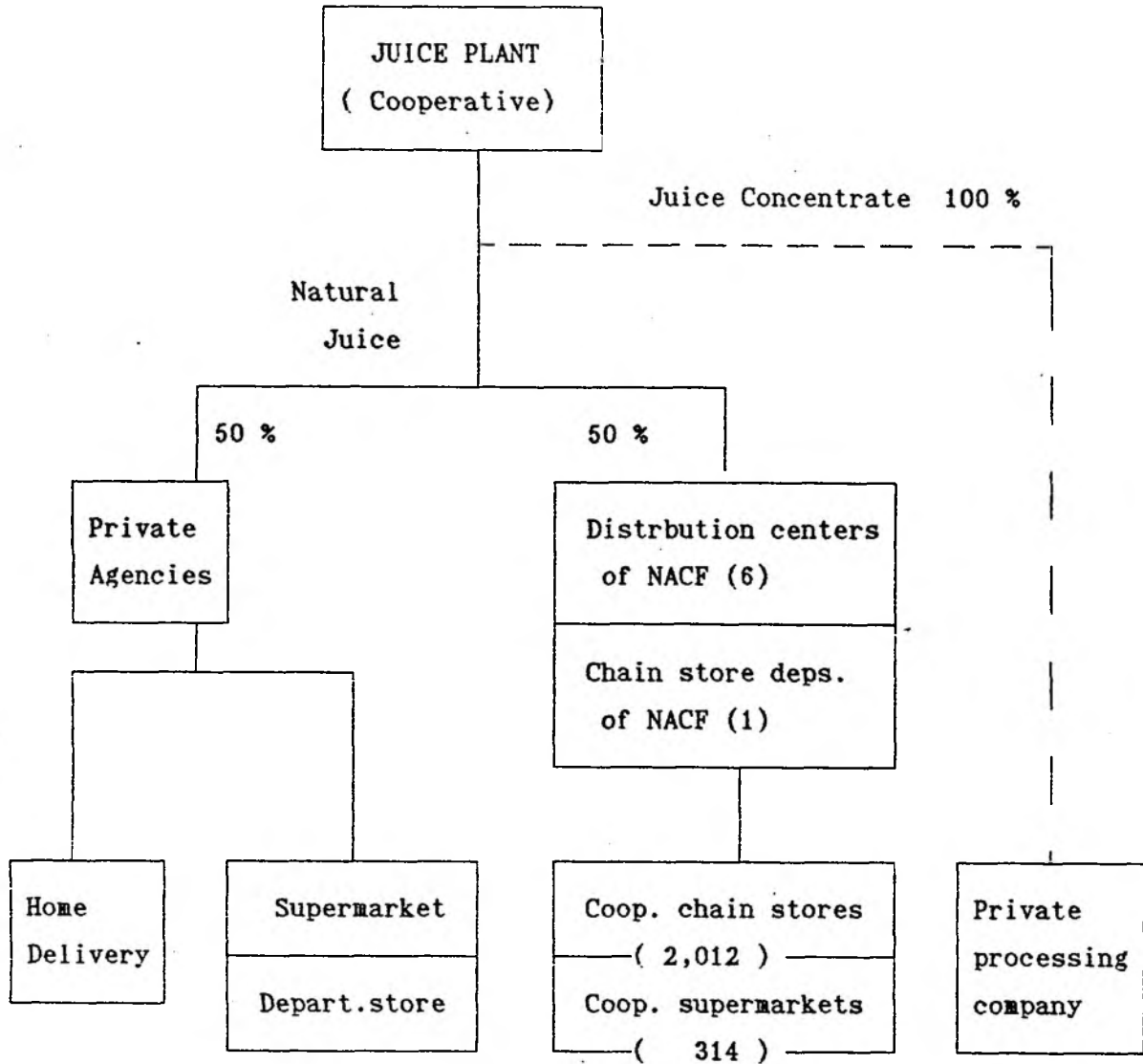
In accordance with income increase, consumers are putting more emphasis on the quality of goods rather than their prices. If we focus our marketing efforts on the consumers' priority of purchase, we have a good chance of winning the market.

The reliability of the cooperative's brand is very high traditionally in Korea. This brand is well-known as a national brand. This brand is being protected strictly by law. This brand can be labelled on only goods processed by cooperatives themselves. They will attack the existing market by using the reliable brand with the help of the vast cooperatives' networks.

The Juice Factory has lots of advantages in marketing sectors. 2,326 cooperative chain stores or cooperative supermarkets scattered across the country can be used as the marketing channel. Other channels are agencies to be run by private corporations. They have made a contract with 50 agencies to deal in the Juice in main cities. They are trying their best to expand the sales networks.

We plan to spend about 10% of COST OF GOODS SOLD on advertising this new product. Mass-medias such as TV, radio, and newspaper are used for advertising.

Marketing Channel



** Though agencies want to deal in the whole Natural Juice, this is against the purpose of the Cooperative's plant.
We will allow them to deal in within 50% of the Natural Juice produced.

V. Export Market and Prospect in Europe

1) SCALE OF MARKET

Poor condition in weather and the scarcity of drinking water necessitated the advanced beverage industry in Europe. Europeans drink beverage habitually every day. The beverage market in Europe seems to be estimated at thousands of billions of dollars.

2) STRUCTURE OF MARKET

There are various kinds of beverage in Europe. The Beverage market can be classified into two groups: Germany and west European countries.

Generally speaking, Germans prefer apple juice and beer, while the other Europeans prefer grape wine.

3) EXPORT PROSPECT

The quality of our Natural Apple Juice was favorably recognized by import agents at the World Agricultural Fair held in Berlin this year. While its taste, smell and flavor were evaluated excellent, the price of the Juice was considered rather high. Nevertheless business talks have been rushing these days. The Cooperative has already contracted with import traders of Germany, Holland, and Hungary for export of 70 tons of Natural Apple Juice. And the Cooperative is having a business talk with 20 countries' traders. If we attack the high classes intensively in Europe, the apple juice has bright prospect of winning the market. It will not be long before Korean natural juice win the worldwide fame.

VI. Present Situation in Production and Sales

1. Procurement of Raw Materials

All the raw materials of apple juice are procured only from member farmers in this province.

The Cooperative's purchasing price and quantity of apple are decided by the board of directors in advance every year.

The quantity of apples to be bought is allocated among 30 branch offices, the apple commodity groups and each farm household step by step on reasonable bases.

This year, The Kyungbuk Apple Grower's Cooperative purchased 22,500 tons of apples, 11,200 tons of which were processed, and the rest of them have been stored for later processing.

The purchasing price of apples is 250 won per Kg. This price is about 150 Won higher than that of private corporations.

Though apple growers require that much more apples should be purchased by the Cooperative. It cannot satisfy their requirements due to the insufficient capacity.

2. Various Kinds of Apple Juice

1) NATURAL CLOUDY APPLE JUICE

This kind of juice is full of the original taste, smell, and nutrition of natural apple.

Cloudy juice has been made through a special heat exchange, and centrifuge. Also, it is treated so that long-term storage is possible.

2) NATURAL CLEAR APPLE JUICE

Because of its pureness and clearness, Natural Clear Apple Juice is easy to drink.

The pressed juice is filtered through the Ultra Filtration machine to make this juice. This finished product is full of rich flavor and smell, resulting in a pure taste.

3) CLOUDY CONCENTRATE and CLEAR CONCENTRAE

Another pride of Natural Apple Juice production line is its up-to-date concentration system. The concentrate is produced under the falling film type.

The sugar content, acidity etc. can be adjusted depending on the customer's order.

PACKAGE UNIT

Products	Package unit	Gift Package
Clody Juice	1.5 l bottle 190 ml can	2 bottles, 1 bottle, 15 cans
Clear Juice	1.5 l bottle	2 bottles, 1 bottle, 15 cans
Cloudy Concentrate	220 l drum package	
Clear Cocentrate	220 l aseptic package 20 l an package 25 l aseptic package	

3. Production and Sales Achievements

The Apple Juice Plant is capable of processing 22,500 metric tons of apples a year, the largest such plant in Asia.

Up to now, 7,706 tons of apple juice has been processed. The detailed break-up is as follows. (May 31 , 1993)

Products	Unit	Production	Sales turn over		
			Domestic	Overseas	Total
CLOUDY JUICE					
(1.5 l)	bottle	2,247,732	595,612	800	596,412
(190 ml)	can	10,288,980	875,700	-	875,700
CLOUDY CONCENTRATE					
(220 kg)	drum	9,165	-	-	-
CLEAR JUICE					
(1.5 l)	bottle	206,846	206,244	-	206,244
CLEAR CONCENTRATE					
(220 kg)	drum	56,540	3,000	-	3,000
TOTAL (M/T)		7,706	1,371	1	1,372

4. Price Analysis

In case of Cloudy Juice , COST OF GOODS SOLD is estimated at ₩2,300 per bottle (1.5 l). Compared with the price of existing orange juice, which is about ₩2,000, is relatively high. But the Natural Juice of HIGH QUALITY seems to be competitive.

Ⅶ. Expected Effects

Until quite recently , Korean apples have been introduced to the world or domestic markets only as the unprocessed primary product because of the poor processing techniques.

However,dedication of this Apple Juice Plant has helped make it possible to turn Kyungbuk apples and the Natural Apple Juice into Korean special products in fact as well as in name.

① Thanks to this Juice Plant,traditional consuming pattern of enjoying raw apples will be changed into a new pattern of enjoying the Juice.

This will result in the removal of seasonal variations in apple consumption and also stimulate the constant consumption of apples all the year round.

This Apple Juice will be a turning point in the beverage culture.

② The quantity of apples processed is 4 percent of annual apple production in Kyungbuk Province. We can expect the price increasing effect in apple growers' favor.

So we can reduce some difficulties that apple growers have been suffering from , such as the severe price fluctuation of apple due to a glut of apples.

$$\begin{aligned} & * \text{ total production} \times \text{ processing rate} \times \text{ price decreasing effect} \\ & = 300 \text{ bill. won} \times 4 \% \times 0.75 \% = 90 \text{ mill.Won} \end{aligned}$$

③ Relatively poor-grade apples are used for processing apples as raw materials, which are estimated at 15% to 20% of total produced apples.The Cooperative purchases the apples at the cost of 250 won per kg, which is 150 won higher than the private sectors.

Therefore the effects on supporting apple price and enhancing value added can be achieved

$$* \text{ differential price } 150 \text{ won/kg} \times 22,500 \text{ M/T} = 3,375 \text{ mill.Won}$$

④ The Natural Apple Juice can take the place of the imported fruit juice which has occupied the domestic market.

So this replacement effect is to save the foreign currency that has been spent on importing the foreign juice concentrate.

⑤ About 30 farmers living around the plant are employed part-time on a two shift basis for 300 days per year.

So approximately 180 million won of non-agricultural income can be increased.

$$* 30 \text{ farmers} \times 300 \text{ days} \times 30,000 \text{ won/day} = 180 \text{ mill. Won}$$

⑥ The profits from operation of the juice plant will be distributed to the member farmers through the form of dividend.

The estimated net profit is expected to be 17 billion Won in 1993.

If a dividend of 5 per cent is paid, dividend will amount to 85 million Won.

$$* \text{ profit } 1,708 \text{ mill. Won} \times \text{ dividend rate } 5\% = 85 \text{ mill. Won}$$

⑦ Korean agricultural cooperatives have been blamed for putting emphasis on banking business. Such blame can be wiped out through cooperatives' participating in food processing business positively.

VII. Main Problems and Tasks

We cannot emphasize the importance of the agricultural processing industry too much. Nevertheless, it has not long before since Korean cooperatives was interested in and took part in the processing industry positively .

There is a national concensus that the agricultural processing industry is important not only for farmers but consumers. So the industry should be developed as a kind of key industry of nation.

Recently a few large corporations have been blamed for importing mixed fruit concentrate , and selling it as if it were Korean juice processed with domestic raw fruits.

That alone shows that they are interested in their own immediate profit and they completely ignore difficulties faced by apple growers. That is why we insist that the boycott against the fruit juice imported by the immoral conglomerates should be spread nationwide.

And we have to continue campaigns for increased consumption of locally- produced farm products including processed food.

Apple growers insist that the Cooperative should purchase much more apples. When at least 30 % of apples produced in this province are purchased or processed by the Cooperative, the Cooperative can fulfill its function of adjusting market and supporting the apple price.

But the capacity of the Plant is limited. In order to meet farmers' needs, the scale of the factory facilities should be enlarged at least six times larger than now.

Ultimately this area should be turned into Total Marketing Complex so as to increase the farmers' interests.

(Juice plant, Cold storage, Packing house, Sorting center, Training center etc.)

At least 50 per cent of total investment in processing facilities should be financed by central or local governments like in advanced countries.

Generally speaking, apples are composed of 85% of water and 15% of solid material. By-products are obtained in the manufacture of apple juice inevitably. So another latest techniques and facilities to make by-products into apple jam, fertilizer and feed should be studied and introduced.

By doing so, the pollution by processing wastes can also be minimized.

PART II

THE 6TH ICA/JAPAN TRAINING COURSE

I . Brief Introduction to the 6th Training Course

The 6th ICA/JAPAN training course which I have attended was spread over from October 21, 1991 to May 10, 1992 in India, Thailand, Japan, and Peoples Republic of China.

During this training programme in ICA Regional Office, New Delhi, we studied various aspects regarding the strengthening of Cooperative Management, and also techniques of formulation and implementation of projects in cooperative sectors from capable faculty members of IIMA.

Study visits to agricultural cooperative societies were conducted in Maharashtra and Gujarat States.

During study visits in and around Ahmedabad, the facilities of the Indian Institute of Management, Ahmedabad, were also used for conducting a module on Project Preparation.

Campus facilities at the Vaikunth Mehta National Institute of Cooperative Management (VMNICM) in Pune were used for executing a two-day workshop on management practices of processing and marketing cooperatives.

After completion of Part I of the Course in India for two months, we returned to our own countries. During the stay in my country I worked on the Apple Juice Processing Plant in consultation with the Kyungbuk Apple Grower's Cooperative and the Processing Business Department of NACF.

We reassembled in Bangkok and our Projects were appraised in February 1992. The project appraisal sessions were followed by two weeks' study visits to agricultural cooperatives in Thailand.

Part II of the Training Course was held at IDACA, Tokyo which included field study visits to agricultural cooperatives in Kumamoto and Shizuoka prefectures of Japan. The course focused on farming guidance by agricultural cooperatives, methods of working out long-term plans and agricultural processing operations.

The last part of the programme was the field study visits to agricultural cooperatives in the Peoples Republic of China, which concluded on 10th May 1992 in Beijing.

II. Benefits from the Training Course

I derived much satisfaction and learning value from the program. I look back to the training period with the great satisfaction of my career and with the added fortune of having met throughout the Asian Regions cooperators and friends. Working together, discussing together, eating together, and above all sharing the ideas were a rewarding experience. It has been a good opportunity learning new things; seeing how other cooperatives are functioning; how cooperators in other countries tackle their problems; how they live.

The programme had a well conceived combination of classroom exercises. Exposure to real life situations through field studies has helped me to acquaint myself to the varied models in Cooperatives in South Asian Countries.

Especially I had a very precious opportunity to learn agriculture, rural community, agricultural cooperative movement of Japan from the concerned experts. Whenever agricultural problems take place in our country, we are always trying to find the solutions to the problems in the preceding experience of Japan.

So it is very important to understand the agricultural situations of Japan for solving the problems faced by Korea.

In particular, in Shizuoka Prefecture, we studied how to formulate long-term plans. I was deeply impressed by the Cooperative's long term plans based on a broad outlook on the year 2020.

The various managerial techniques and experiences I gathered in the course will help me to devote myself to the tasks with renewed vigor and determination in smaller or greater degree.

II. Project Preparation

It goes without saying that I kept in contact with the staffs of the Kyungbuk Apple Growers Cooperative constantly to proceed with the Project and I made a lot of suggestions. But I cannot tell you how much I had effect on the Plant.

Such a big plant cannot be built with only one person's ability .
In fact many years have passed since they were thinking of building the Apple Juice Plant. It has been a long-cherished dream to set up the Plant. All our efforts and desires made it come true.

I think that the project prepared by myself is just only a symbol of my improved capability after learning.

With that capability I will be able to take initiative in formulating some other projects in a direct or indirect manner .

And the learning and experiences will be made use of in my works gradually, not immediately.

V. Suggestions

I would like to make some suggestions to improve the training programme.

1. The trainees should be chosen at least 6 months ahead ,so as to prepare the training course in advance.
2. The basic textbooks (Abstracts) should be published in advance and should be sent to the trainees before attending the course. The text books will be as follows.
 - o. Agriculture and the cooperative movement in Asian countries
 - o. Managerial techniques for strengthening cooperative management
 - o. Agricultural cooperative movement in Japan

Other supplementary teaching materials can be distributed, when necessary.

3. Outline of cooperative development project should be prepared roughly before the beginning of the course so that the efficiency of the project may be enhanced.

PRESENT SITUATION
OF
CHEONGSAN KIMCHI PLANT

Prepared by HYANG-KYU LEE
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I. Background of Kimchi Plant Construction

1. Accomodation of Farmers' Desire

The construction of Kimchi Processing Plant which uses radish and Chinese cabbage as major raw material would accomodate farmers' desire for PAC to handle radish and Chinese cabbage in PAC's marketing business, and would protect farmers from possible losses caused by trickery merchants' transaction.

2. Prospecting Industry Supported by the NACF

- 1) The demand for processed Kimchi increases rapidly according to the changes in living environments, food consumption patterns and decrease of home-made Kimchi.
- 2) Vegetable processing is regarded as a prospecting industry because it will contribute to the stabilization of the prices of vegetable. At the same time the NACF plans to take intensive supporting measures for the operating Kimchi processing plants in order to return the added value of farm products to member farmers.

II. General Situation of the Plant

1. Location

The plant is located around 4 km away from PAC's main office so as to facilitate transportation and collection of raw materials.

2. Completion and Operation of Plant

The plant construction was started in 1989, and completed on Mar. 29, 1991.

3. Main Product and Daily Capacity

- 1) The plant produces 17 M/T of Kimchi including salted vegetables a day. Yearly production will be 5,100 M/T for 300 day work.
- 2) Main products include diversified kinds of Kimchis and salted vegetables with the composition ratio of 70% and 30%.

3) Chinese cabbage Kimchi is the main item of the plant and in compliance with the preference of consumers fresh and fermented Kimchi is also produced.

4) Salted vegetables are made mainly of radish.

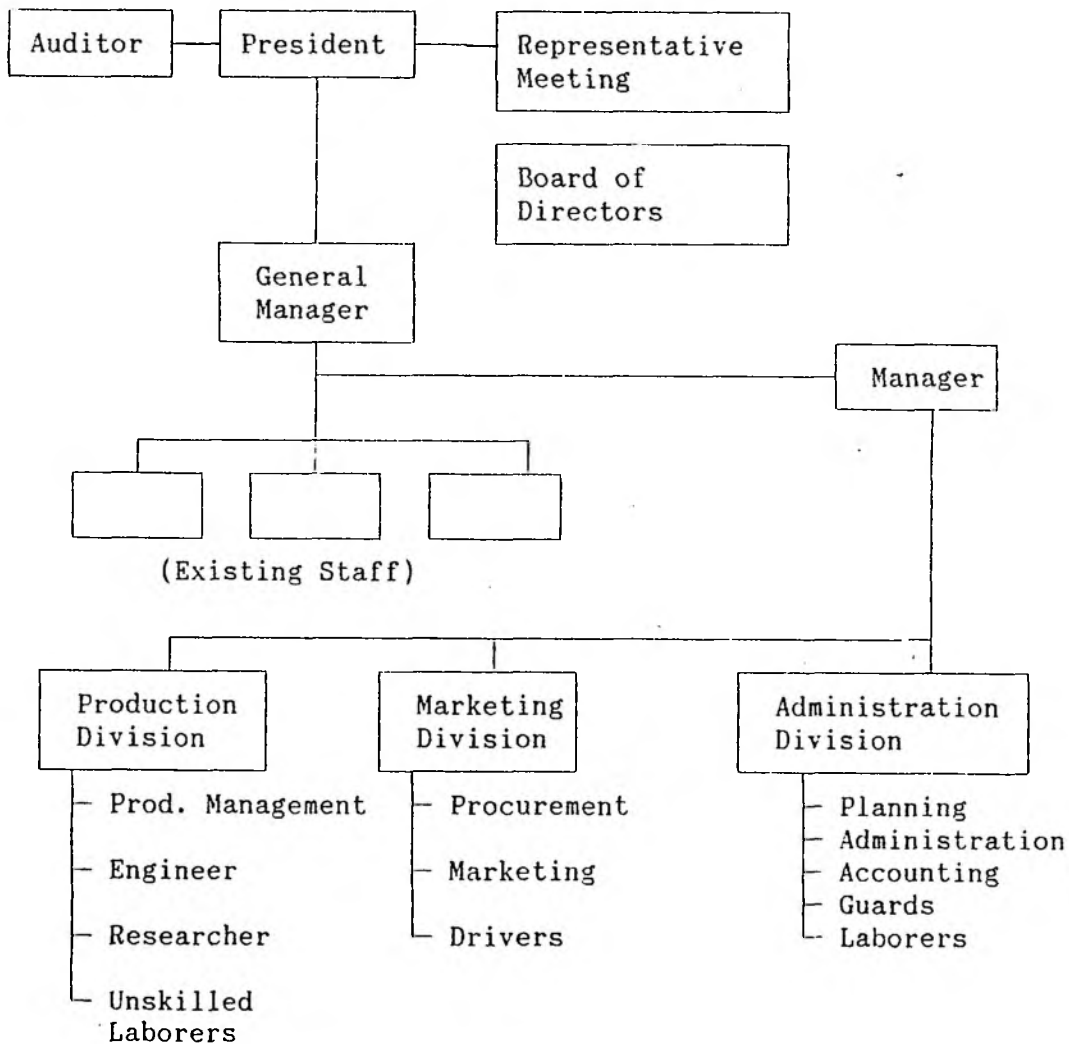
4. Organization

Personnel and Employees

1) A total of 110 persons are working for the plant. The classification of the employees is as follows:

- Manager : 1
- Administrative Staff : 8
- Researcher : 1
- Drivers : 5
- Engineers : 2
- Guards : 2
- Daily Workers : 91

2) The Organization Chart of Kimchi Processing Plant



5. The Details of Investment

(Unit: million won)

Item		Unit	Scale	Amount	Remarks
Land		pyong	2,542	242 ✓	1m ² =0.325 pyong 1 mil. won=US\$1,250
Building	Workshop	pyong	267	1,642 ✓	
	Cold Storage		300		
	Storage		57		
	Office		20		
	Others		450		
	Subtotal		1,094		
Machinery		unit	60	408 ✓	
Transportation	Chilled Vehicle	EA	4	138 ✓	
	Forklift		1		
	Bus		2		
	Cars		2		
Constructed Facilities		unit	8	215 ✓	
Others		"	43	392 ✓	
Total			-	3,037 ✓	

6. Fund Resources

- 1) The investment totals 3,790 million won. Out of the amount, only 305 million won is supplied by Cheongsan PAC, which accounts for 8% of the total.

(Unit: million won)

Classification	Subsidy	Loan from Gov't	Loan from NACF	Own Fund	Others	Total
Cosntruction fund	251	35	2,446	305	2	3,037
Operating fund		300	453			753
Total	251	335	2,899	305	2	3,790
%	6.7	8.8	76.5	8.0	-	100

- 2) For the smooth operation of plant, NACF provided mutual credit loan of 700 million won at no interest for 3 years.

III. Production of Kimchi

1. Procurement of Raw Material

Most of raw materials (70%) are produced in the project area, but the shortage (30%) is supplied from PAC and NACF marketing center in other areas.

2. The rate of Operation

(Unit: won)

1991(A)	1992(B)	1993(Plan) (C)	B - A	C - B
60.2	69.0	77.2	8.8	8.2

IV. Marketing

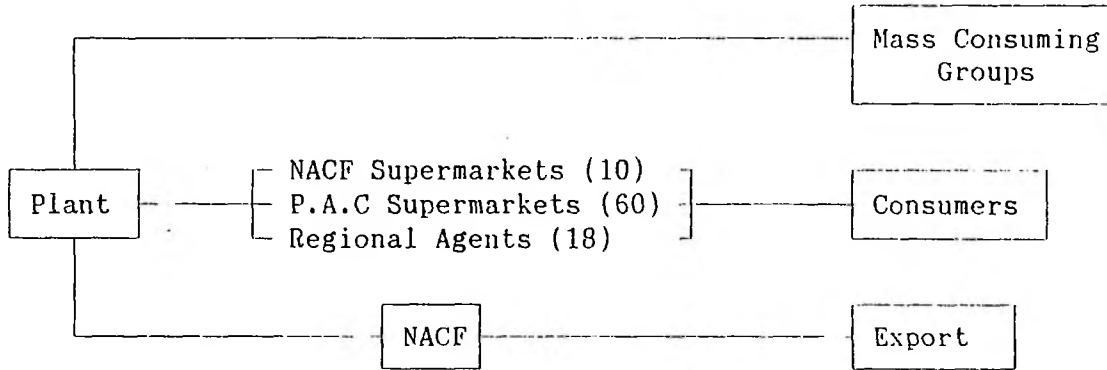
1. Packing and Price

(Unit: won)

Classification	500 g	1 kg	5 kg	Bulk (20 kg)
Kimchi	1,500	2,500	10,500	24,000
Salted Vegetables	700 - 900 / EA			

2. Marketing Channel

Marketing channel is composed of 10 NACF supermarkets in Seoul and Incheon area, 60 supermarkets of PACs, and 18 regional sales agents.



3. Sales Turnover

Cheongsan PAC plans to realize the profit in the 3rd operating year.

(Unit: M/T, million won)

Classification			'91		'92	
			Qty	Amount	Qty	Amount
Sales	Ordinary Sales	NACF & PAC	91	101	81	131
		Mass Consuming Groups	57	67	37	37
		Regional sales agents	137	187	1,277	1,487
		Sub-Total	335	355	1,345	1,655
	Military Supply		1,584	324 ✓	1,634	424 ✓
	Export		97	141	147	347
	Total		2,011 <i>m/t</i>	821	3,126 <i>m/t</i>	2,426
Profit and Loss			△ 342 <i>loss</i>		△ 158 <i>loss</i>	

W 100 m anticipated Profit in 1993

V. The Problems in Implementation and Operation of the Plant

1. Regulation related to Permission of Construction

- 1) The Cheongsan Kimchi plant is located in Seoul area and in military protection zone near D.M.Z., and it is built on farmland.
- 2) There are about 30 regulation on building Kimchi plant. Because it contains problem of environmental hygiene caused by vegetable and food stuffs processing, also it is classified as small and medium firms, which are supported by the government, and so on.
- 3) More than 6 months are necessary to acquire permission despite active aid from the Ministry of Agriculture, Forestry and Fisheries and lobbying by executives and employees of NACF.

2. Finacing Problems in Constructing Large Scale Plant

- 1) There is a financial constraint inflow and outflow due to comparatively large volume of investment in light of 582 members and 590 million won in net capital.
- 2) However, these obstacles are being removed in viewpoint of the fact that Cheongsan Kimchi Plant is the first out of MACF's Kimchi industry and on the strength of the government's support including NACF in consideration of the prospect of long-term demand.

3. Production Adjustment and Stock Management

- 1) Owing to the lack of experience and know-how, overhead cost, which is necessary to manage optimal level of stock and to control production for enhancement of product-material ratio, is increased.
- 2) It is hard to prepare elastically for price unstability because security and storage of sufficient raw material is impossible under circumstance such as shortage of low-temperature storing facilities and also long-term storage of Kimchi is difficult.

4. Management and Marketing

- 1) A big burden of large depreciation (114 million won per annum) and interest. (160 million won per annum) caused by excessive investment in fixed assets.
- 2) Market is concentrated on mainly metropolitan cities like Seoul and Inchon, and high price competition with other firms.
- 3) Selling quantity per annum is no more than 61% of the total production capacity, and it represents at most 84% of the break-even point.

5. Advertising

Active advertising with fee by PAC has not been carried out yet, but is being accomplished in the form of indirect means by NACF's host such as a special sales event, a sampling party, periodic Friday market, consumers' firm visiting, and something like that, and of simple introduction to broadcasting program.

VI. Plans for Management Improvement

1. To enhance sales volume above BEP level through enhancing marketing channel to all over the country, activating management of operating regional agents, diversifying products, and generating new profitable products
2. To save management cost by improving storage technology through well-planned production, maintenance of proper stock, and increment of low temperature storing facility.
3. To lessen burden of interest by leveling up internal financing such as additional increase of capital for procurement of fund necessary to invest in fixed-asset .

VII. Effect of Management of Kimchi Plant.

1. Increasing vegetable growing farmer's benefit

- 1) It enables members to secure stable selling market, receive appropriate price, and save cost of transportation and commission due to middlemen.
- 2) To provide chance of income beside farming in rural region and spread advanced farming technology.

2. Leading Role of NACF's Kimchi Plant

- 1) To take root as a visiting and practical training course for executives, employees, and consumers. ✓
- 2) To give hope and possibility of succeeding NACF's Kimchi industry which is predicted to turn the direction to the black, beginning from the 3rd management year 1993.

3. Upgrading NACF's Image

It would be contributed to NACF's credit and consumers' demand enlargement provided that Kimchi Plant could produce and supply products with hygiene and good taste.

APPENDIX 1

Brief Information on the Korean Kimchi Industry

I. Kimchi and Koreans

Kimchi is a very important side dish for Koreans, and it is made mainly of radish and Chinese cabbage mixed with powder of red pepper, garlic, scallion, ginger, etc. The fermented Kimchi is consumed daily by a Korean 50-100gm in summer and 150-200 gr in winter.

II. Kimchi Industry in Korea

1. Kimchi processing is a labor consuming work and at present there are about 155 processing plants. And they produce about 463.3 M/T of Kimchi per day, which is the 41.7% of the capacity. Out of the 155 plants, about 50% are located around the Seoul area within 200 km from downtown.
2. Plant processed Kimchi marked in two ways; one is for domestic consumption and the other is for export.
3. Plant processed Kimchi is divided into 3 types; Chinese cabbage Kimchi (70%), radish Kimchi (20%) and others (10%).

< Daily Production of Plant Processed Kimchi >

Plants	Capacity	Production	Rate of Operation	Remarks
155	1110.5 M/T	463.3 M/T	41.7 %	As of June '92

III. Demand Prospect of Kimchi

1. Future demand for Kimchi is estimated to increase remarkably due to the increasing trend of company dining room, military feeding, young couple families and apartment house living.
2. And the export of Kimchi is also expected to show gradual increase.

< Demand Trend of Plant Processed Kimchi >

(Unit: 1000 M/T, 100 Million won)

Classification	'83	'85	'88	'89	'90
Production	28	47	78	101	131
Amount	130	230	370	490	630

< Export Trend of Plant Processed Kimchi >

(Unit: M/T, \$1,000)

Classification	'83	'85	'88	'89	'90	'91
Production	8,423	3,773	6,124	5,703	5,849	6,750
Amount	9,878	4,311	13,231	14,062	14,776	18,085

- Export Countries: Japan, EC, U.S.A., Spain, France etc.

3. Military Supply

According to the military feeding improvement program, from May 91 plant processed Kimchi has been fed to soldiers instead of their own making Kimchi. The amount of annual demand is 54,000 M/T.

IV. Fostering of Kimchi Industry by the Government

1. In Korea, the stable supply and demand as well as the price of vegetables are very significant not only for the income enhancement of farmers but for the national economy.
2. Specifically the prices of vegetables are unstable for the reasons of the changes in climatic conditions, planted area and the quantity of production.

To tackle such problems, the Government is endeavoring to bring up Kimchi processing industry specifically having focus in overseas market.

3. The Government is not only support the existing processing plant as pilot industry but establish display and sale hall, and job training and education center for the development of Kimchi industry.

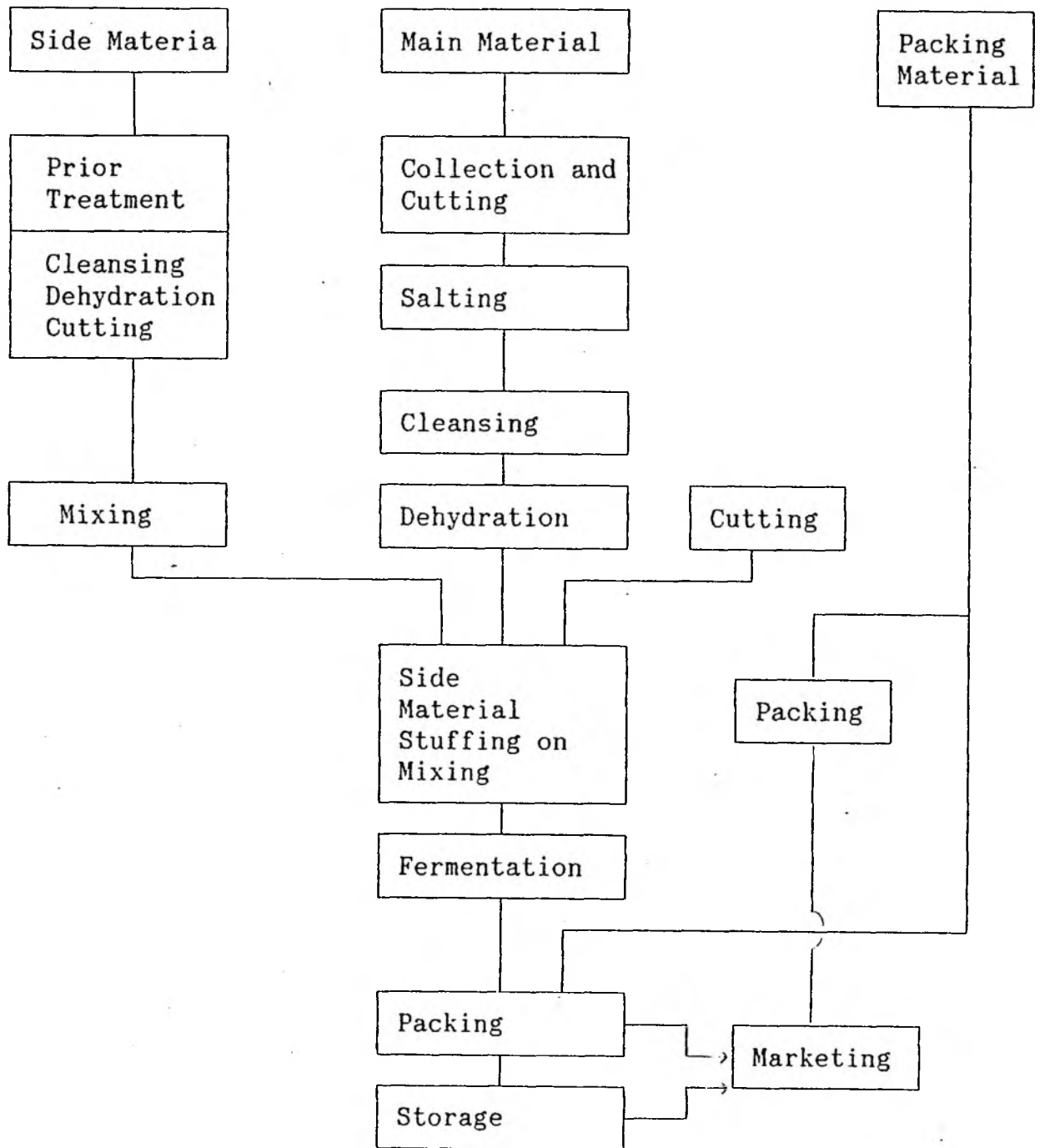
V. Kimchi Plants of Agricultural Cooperatives

1. NACF and member cooperatives operate 12 Kimchi plants. Out of them, 3 plants are run by the NACF and 9 plants are run by member cooperatives.

Classification	Plants	Capacity	Remarks
NACF	3 EA	39 M/T	As of the end of '92
PAC	9 EA	66 M/T	
Total	12 EA	105 M/T	

2. In 1992, the market share of processed Kimchi produced by agricultural cooperatives accounted for 5.7% of the total consumption. The market share will be increased to 9.5% by 1994.

Procedure of Kimchi Processing



Appendix 2

General Situation of Cheongsan PAC

I. Overall Situation

1. Location

The Cheongsan PAC is located around 43 km northeast of Seoul, and 15km south from demarcation line with North Korea. The area is well irrigated and roads and traffic conditions are excellent.

2. Population

The area accomodates a total of 1,929 households with a population of 7,579.

3. The farm households are 607, around 31.4% of the total. The farmers are 2,340, around 32% of the total population.

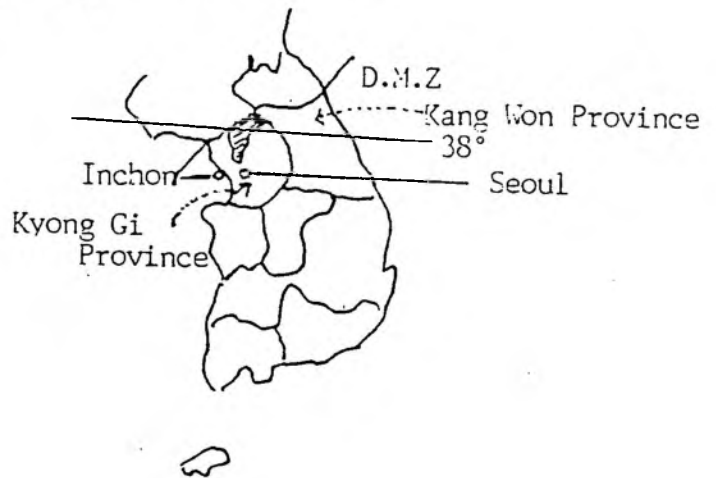
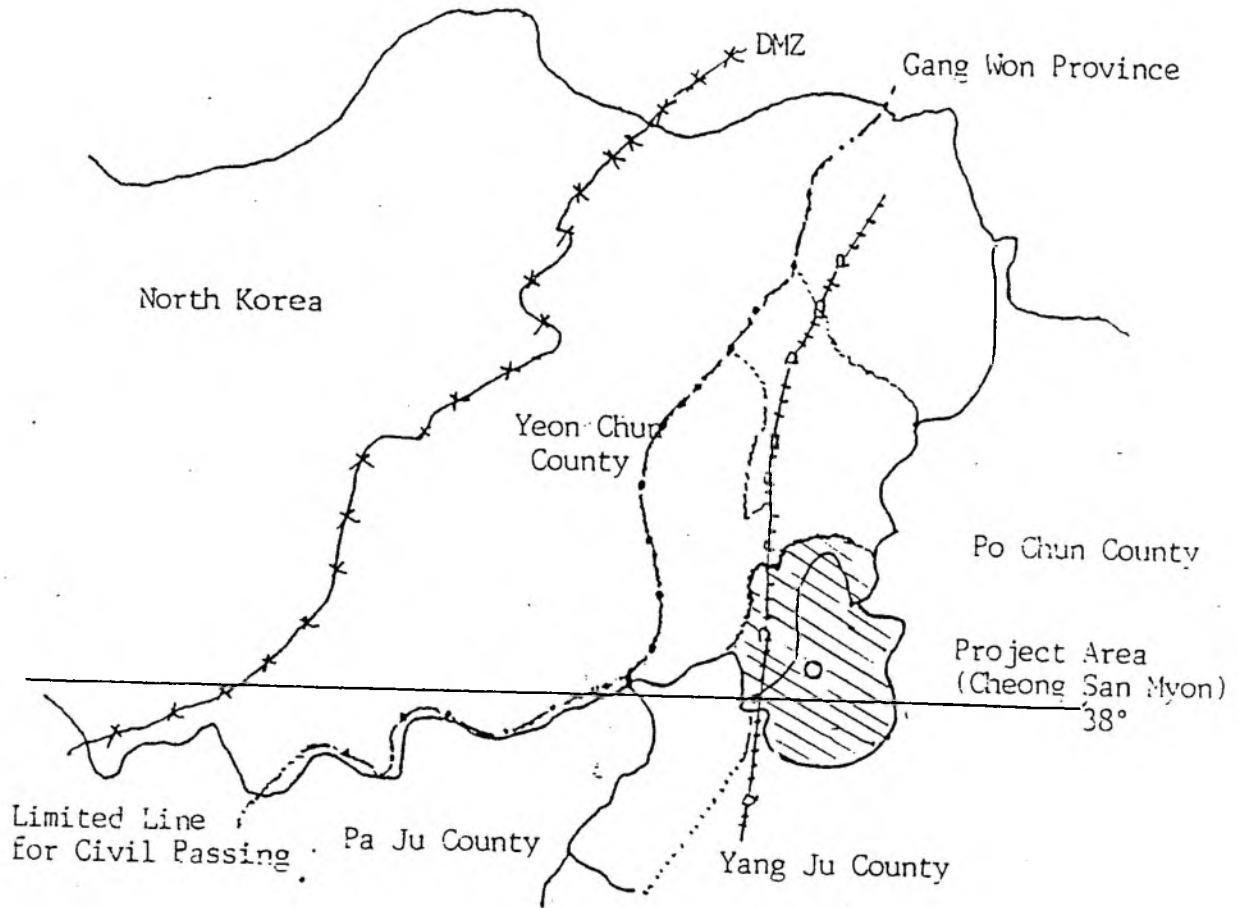
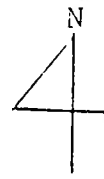
1) The area is mountainous one with a total area of 4,538 ha; arable land of 769 ha (248 ha of peddy land, and 521 ha of upland) and 3,029 ha of forest (66.7%).

2) Farming area per farm household is 0.9 ha (national average: 1.2 ha).

< Composition of Arable Land by Landholdings >

Less than 0.5 ha	0.5-1.0 ha	1.1-1.5 ha	1.5-2.0 ha	Over 2.0 ha	Total
12%	3	20	17	9	100%

Map of Project Area



4. Cropping Pattern and Climate

1) Annual Average Temperature: 8 °C)

(Lowest: -28.3°C, Highest: 37.5°C)

2) Annual Precipitation: 1,296.5 mm

(Non-Frost days: 45 days)

3) Paddy is cropped once a year and upland products are cropped once or twice a year.

5. Major Production

The major products of the area are paddy from lowland, and cucumber, eggplant, groundnut, pepper, mushroom from upland and some livestock products.

6. Marketing System

1) About 80-90% of the major products of the area excluding paddy, radish, cabbage are marketed through cooperative marketing channel, and the cooperative is striving to increase the prices received by farmers through marketing information development.

2) Products are marketed mostly to Seoul and Incheon metropolitan cities.

II. General Situation of Cheongsan PAC

1. Member Farmers: 582 member farmers, 96% of the total 607 farm house hold

2. Business Activities: Cheongsan PAC carries out various activities such as banking, farm inputs supply, marketing, and extension services for the provision of extended services for member farmers.

(Million won)

Activities	'91	'92	Remarks
Deposits	5,074	6,050	
Loans	6,211	7,620	
Farm Inputs Supply	689	699	Fertilizer, Agro-chemicals etc.
Daily Necessities	432	407	including feedstuff
Marketing	1,616	1,796	
PAC Insurance	432	507	
Capital Reserves	549	590	
Total	15,003	17,669	

3. Organization

The PAC has 130 personnel, including plant personnel and as decision making organizations General meeting, Board of Directors and Auditor, and as grass-root organizations 12 farming groups, women's clubs, youngsters' meeting and 8 joint production and marketing groups as well as 2 machinery joint-use groups.

4. Business Facilities

- o Office Building 2
- o Chain Store 1
- o Warehouses 4
- o Vehicles 10
- o Direct Sales Outlet 1

5. Member Participation

Member farmers have strong trust in cooperative business and actively participate in the cooperative movement, and thereby the activities are gradually and continuously increasing. The PAC performs profit-returning services such as scholarship payment of the children of member farmers (960 thousand won in 1992), loan far schoolings and free medical examination etc.

FRUIT PROCESSING MILL

Former Participants Status Paper

(Fourth ICA/Japan training course

—October 23, 1989—May 10, 1990)

Participant : Sang Derk Lee

I . Back ground

A. Brief introduction to the course attended by me :

I attended in the fourth ICA/Japan training course, from october 21 1989 to may 10 1990, about three years ago.

It was the first trip abroad for me, so I was very excited and some frightened.

15 friends from 9countries participated, they were all very kind and good friends except me, because I was a trouble maker. Untill now I can remember their name and their faces, their kindness and their characteristics.

I miss them too much, so I sent letters many times but I received answers from only three friends.

I think it is the result of my impoliteness.

Now I have a dream and plan that I will travel with my wife to meet our participants after retiring from my job.

I am sure, although I was a trouble maker, if I visit their home with my wife, they will give a welcome to us.

Of course, I want to meet all of you at that time, would you welcome me ?

Well, I have been working NACF for 23 years since graduated from university and I studied about movement of co-ops in university, but I think that I learned more about co-ops through ICA/Japan training course than before.

I became to put more stress on the member farmers than NACF it self.

You know, before attending the course, I was with NACF college, but now I am training the leaders of the member farmers.

Through the course. I understood the concept of the integreted coope-ratives.

Untill four or three years ago, in the movement of agro-co-ops in Korea, we put more value on banking business.

These days, we recognise that maintaining the balance between ban-king business and non banking business(marketing, purchasing, far-ming guidance, processing etc) for farmers.

In some areas, banking business is very restrictive, but non-banking business is limitless.

I think that integreted co-ops prove this.

Anyway, I am making use of the learning and experiences which I got through the course in my works very usefully, for training my staffs and educating member farmers.

II. Information on the project prepared by me.

A. Title of the project : Fruit-processing mill.

B. The current status of the project.

(1) The project was started work in 1990 and completed in June 1992 by the Sam Rang Jin PAC.

(2) This project is designed for processing fruit and storing freezing fruits.

(3) The total capital cost of this project : 2,760 million won (about 3.5million dallors)

(4) Main products : Semi-manufactured strawberries, peaches, and grape juice.

(5) Processing procedures.

(a) Strawberry : Remove calyx-cleaving and dehydration-assortment-sterilization-add sugar-freezing-packing.

(b) grape : Cleaving and dehydration
-assortment-remove kernels-press juice-sterilization-canning-packing

(c) peach : cleaving and dehydration-cutting-remove kernels-assortment-add sugar-freezing-packing

※ all raw materials are almost deserted fruits(bad quality)

(6) Brief financial analysis in 1992.

(a) Production cost : 592million won

(b) The price of outputs : 558million won

(c) benefits : 34million won

(d) Increase of the member farmers' income (wages and price of the raw materials) : 465million won

(e) Pay back period : 7years

C. Problems in the implementation of the project

(1) Financial constraint.

Initial investment plan was about 1.869million won (2.4million \$), but more than 1 million \$ was added to the plan, because the price of machineries and equipments increased so much. We wanted to sell real estate to fill up balance of shortage for investment, but there were no buyers.

(2) restraint of technique and technical expert :

There are not so many fruit processing mills in korea, so the level of technique for processing fruits are very low and inviting a technical expert was very difficult.

(3) We could solve the problems by the support of NACF and by encouragement of the farmer members.

Most of all, I think that most important things are firm will and firm convictions of ourselves and loves for farmers.

D. Problems in the operating mill.

(1) Shortage of workers :

There are not enough workers in the agricultural district, especially in farming season, more over the mill must be operated in farming season, because these fruits are all corruptible.

(2) Shortage of the working capital ; raw materials must be purchased in season in short period, because these fruits are all seasonal products.

(3) There are not so good technical expert and they demand too high wages compare to their abilities.

(4) The risk of products is very big, because they are all perishable fruits.

III. Program utility and suggestions.

I can not explain exactly, but the training program was very usefull and so much contributed to develop the movement of co-ops in Asia.

In order to up grade the program I want suggest three things.

- (1) In India, most of the lectures were emphasized on integreted co-ops.

I think that the integreted co-ops are more suitable in socialism countries than capitalism countries.

They adopted single purpose co-ops or multi purpose co-ops in some other countries in asia.

- (2) In Japan most of the lectures were only stressed on introducing the developed movement of Japanese co-ops.

If they would suggest any method or know how for developing the movement of co-ops, they would be very useful to the participants.

- (3) In order to up grade the program, suitable follow up program must be prepared.

For instance, circulation of materials for information by correspondence and retraining is very necessary after three or four years, for which one week will be enough.

The end.

National Review Workshop on Management of Agricultural Cooperatives

- Republic of Korea

Seoul, May 6-8, 1993

The Status Paper on the Feed Mill Project in Jeonla Province

Prepared by LEE YUN HEE

— Participant of the Second

I C A Training Course —

I. Background

A. Introduction of the Second I C A Training Course

Country	Time	Training Subject
India	Oct. 26 -- Dec. 25. 1987	<ul style="list-style-type: none"> ● Presentation of co-op movement of participants' country ● Integrated Coop development and organization ● Planning and management of agricultural cooperatives ● Project formulation ● Application of computer program to project designs ● Field trips
Thailand	Dec. 26 -- Jan. 10. 1988	<ul style="list-style-type: none"> ● Thailand's Coop movement ● Field trips
Homecountry	Jan. 11 -- Feb. 20. 1988	<ul style="list-style-type: none"> ● Preparation of project
Japan	Feb. 21 -- Apr. 23. 1988	<ul style="list-style-type: none"> ● Project appraisal ● Japanese Coop movement ● Field Trips
Korea	Apr. 24 -- May. 9. 1988	<ul style="list-style-type: none"> ● Korean Coop movement ● Field Trips ● Closing session

B. Benefits of the Training

It has provided me with an opportunity to learn various aspects of agricultural cooperatives of Southeast Asian Countries and knowledge of cooperative management. Particularly agri-business of India and marketing business of Japanese coops interested me. Also it has given me a good chance to associate with many friends who are working in the same field. Besides I've got to understand peoples and cultures of countries we've visited.

C. Use of the Learning and Experiences.

After attending the ICA program, I worked in Management Research Department of N A C F for 2 years. At that time the learning of the ICA course and experiences of Japanese coops were quite helpful for planning the three years' marketing business program which started from 1991.

Now I'm in charge of Marketing and Supplying Department of Jeonbuk Provincial office of N A C F. Integrated approach of IIM professors is very useful for guiding and controlling primary agricultural coops in marketing and supplying business.

II .Information on the Project and Its Salient Features

A. Title and Summary of the Project

○ Title : Feed Mill Project in Jeonla Province

○ Summary

1. The project is to establish a feed mill of 300 tons of daily capacity in Jeonla province for the interest of member farmers of Agricultural coops in the province .
2. Farmers who raise livestock for subsidiary income have been placed at disadvantageous position from the viewpoint of price , quality and service, because of market segmentation and market control of private feed mills.
3. Looking at the strong points of Agricultural coops, they have existing selling outlet, whose market share is 20.4% . (1986 : 14.9%)
4. Main product of the mill will be beef cattle feed.

B. Problems in the Implementation of the Project.

Government has refused to permit new feed mill for regulation of increased consumption of imported feed grains and modernization of feed mills since 1980. But government is considering revision of Feed Control Act in the second half of this year. Then one of long-fostered wishes of NACF will be fulfilled. N A C F has planned 3 feed mills, including one in Jeonla Province.

Capacity of Feed Mills in Korea

Year	No. of Feed Mills	Total Capacity (thou. ton, per year)	Feed Production (thou. ton)
1986	80	6,136	7,675
1992	80	7,364	12,693

III . Programme Utility and Suggestions

A. Programme Utility

● Primary Agricultural coops and N A C F have been making efforts to reinforce Agric based processing business since 1991. So preparing, evaluating and implementing concerned projects has become very important. I'm sure that the programme is quite useful for the staffs of coops which are running processing facilities.

No of Processing Facilities

Area	'90	'92	'93
Jeonbuk Province	2	11	15
Whole Country	31	87	115

* Rice milling facilities are not included.

Processing Facilities of Jeonbuk Province

Primary coop	I t e m	Amount of Investment (million won)	Government Subsidy	Remarks
Sosong	Sesame oil	14	6	
Ongdong	Processed foxglove (chinese medicine plant)	139	32	
Kangduk	Processing herbs	139	44	
Ansung	"	36	-	
Buqui	Kimchi	306	65	
Kumsan	Persimmon Vinegar	416	65	
Sintaein	Powdered Red pepper	1,423	450	Under construction
Hwangdeung	Rice taffy	205	63	
Songsan	Seasoned melon	150	-	
Seonseong	Peanuts	315	-	
Kumgha	Pumpkin Cake	240	-	Under construction
Kwanchon	Dried cabbage	724	361	"
Heungduk	Rice cake	854	409	"
Changsoo	Black goat soup	600	200	"
Soonchang	Red pepper paste	590	-	"
1 5		6,151	1,695	

Rice Milling Facilities of Jeonbuk Province

I t e m	N o	Amount of Investment (million won)	Government Subsidy	Remarks
Rice Processing Center	8	14,249	4,000	3 mills are under construction
Rice mills	38			

B. Suggestions and Recommendations

- The Programme of the second course seemed to treat too many subjects, considering training period. For 2 months we studied almost all subjects concerned with cooperative movement and management including computer exercise

- Concentrated study on several important subjects would be desirable. Also visiting facilities or institutes in field trips are desirable to have relation with subjects.

- Usually participants of the ICA course have different background, and they have language problem. Selected participants have to be well informed about the subjects they'll study before attending the course. Therefore they should be able to have the minimum knowledge on the subjects by reading and studying in their homeland.

Project Review

Integrated area Development Project

(Chowol District)

Prepared by JIN WOO KIM

Participant in the Training Course For Strengthening
Management of Agri - Coops in South - East Asia

November 1, 1986 ~ May 3, 1987

A. Project in summary.

1. Project title : Integrated area Development Project (Chowol)
2. Target area : 2 Villages. 157 farms.
3. Socio - economic situation of targeted region ;
 - . Geographically near to Seoul, the large consuming center for agri - product, with good connection to the capital city of Rep. of Korea.
 - . Young males, the core working force in farming, are pulled out to non - farming sectors and farming is more dependent on aged and female work force.
 - . Farming activities and farm incomes are decreasing year by year because of above mentioned coustraints.

4. Project objectives.

The project focuses on increasing the farm income by effectively organised efforts in farming, say integrated approach, such as providing better alternative cropping pattern, increasing the heads of cattle raising, reducing the labour cost and work burden on aged or women in rural area through farm mechanization.

5. Project components

Sub project	Financing item	Project duration	Remarks
Farm mechanization	Paddy transplanters. Combine harvesters.	2	<ul style="list-style-type: none"> ○. Reduce labour demand in farming season. ○. Timely farming and release farm labour for other activities. ○. Reduce labour cost.
Cattle raising	Cattle Fodder	5	<ul style="list-style-type: none"> ○. Diversifying income source ○. Evenly spreading labour demand year roundly ○. Source for organic manure
Reorganization of cropping pattern	Cash crop Green house, etc.	5	<ul style="list-style-type: none"> ○. More income generation ○. Market oriented farming ○. Strengthening crop-unit activities.
Marketing support	Market information Materials for packing	5	<ul style="list-style-type: none"> ○. Marketing through Coop. channel ○. Collecting delivering -selling processing.

3. Project review

1. The project was formed in 1987 during home country assignment session on the basis of basic data collected from the villages.
2. Main objectives of the project preparation in formation stage was not for the implementation of the proposed project in the very villages which the project targeted, but for the finding out the ways of choosing best options among varied possible alternatives for the betterment of member farms in proposed area.
3. The project, proposed to be implemented by Agri. Coop, mainly focused on income generating activities and cannot afford to invest in infrastructural arrangement.
4. By the limitation in financing of NACF, all the rural villages couldn't participate in the regional development project all at once, the basic notions, included in the propose project. of well coordinated integrated approach for regional development, are employed in project formation and implementation by NACF from 1987 and it is further evolved for the member farms' maximum benefit.

Resume

A. Educational background

-B.A degree in Agronomy (mainly studied in horticulture) from the college of Agriculture, Seoul National University.

-MBA degree in Marketing from the Yon Sei University.

B. International Training

-August, 1981~June,1982; Participated as a trainee in the International Training for Farm Mechanization with a support of Netherland Government

-November. 1986 ~ May, 1987; ICA training for Agri.-Coop Management.

-November. 1987; Participated as a instructor and coordinator in the International Training Course, held in Korea for one month under the support of NACF and APRACA, on the Project Formation and Implementation for Agricultural Development.

C. Professional career

-Assigned to Technical Unit of NACF, special working unit for formation, implementation and evaluation of IBRD Agricultural Credit project in Korea, for 6 years.

The T.U and NACF are highly regarded by IBRD for its successful fulfillment.

-Assigned and worked for 4 years in the Regional Development Division, Guidance and Extension Department of NACF, which is core for planning nation-wide regional development project, training of primary Coop. officers and supervising all the activities undertaken by participating Coops.

-Visited Papua New Guinea as a General Identification mission of IFAD (International Fund for Agricultural Development, Rome, Italy) to review the proposed regional development project in 1988 for 2 months.

D. Present position in NACF

Deputy General Manager, of Bujeon Dong Branch office of NACF in Pusan.

A Status Paper

CHOONGNAM DAIRY PLANT

Kim, Won-Tae

Participant of the 6th ICA/Japan
Training Course

National Livestock Cooperatives
Federation

Brief Introduction of the 6th ICA/Japan Training Course

The participants of the 6th ICA/Japan Training Course studied cooperative management in four countries ; India, Thailand, Japan, China. We closed our session in China. We learned the basic concept of cooperative business and its management from the professors of IIMA in India. They were very sincere and cordial in helping us study and prepare the projects. We had a project appraisal session in Thailand and traveled to Nakornratchasima Province for field study.

In Japan, we were surprised at the high technology in Japanese farming and its scientific management every time wherever we visited. I observed a new range of cooperative businesses which were strange to me and which were not popular in Korea ; car repairing center, rice factory, oil selling station, automatic discerning machine of the agricultural products, etc. Seeing those kinds of business, I realized that there were a lot of businesses left to be developed by a cooperative.

In China we saw the people's making efforts to change their present conditions for the better life. It seemed that All China Federation of Supply

and Marketing, a cooperative in China, was playing a great role in increasing farmer's income and welfare through increasing productivity, improving marketing system, promoting joint-venture business with foreign countries.

I. Information on the Project

a. Title and its salient figures

- title : Choongnam Dairy Plant
- place : Kongjoo County, Choongnam Province
(Chungyang County, the same Province)
- capacity : 200 MT/day (240 MT/day)
- investment : 19.5 billion won (37.5 billion won)
- financed from Livestock Development Funds
- implemented by NLCF and its local cooperatives
- project life : 10 years
- structure : 4 divisions such as administration , production,
marketing, guidance and extension
- marketing channel : coop. stores, marketing agency and chain
stores, schools, hospitals, Army, etc.
- payback year : 3.2 years after operating the plant
- NPV : 6.8 billion won at the discount rate of 13%
- IRR : 23.5%
- BEP : 44.7% of the plant capacity

* Those in the parentheses are the changed figures.

At present, NLCF is going to purchase the land for this project. *Done now,*
I planned this project during staying in India. After I came back from
India, I discussed with a manager of the Dairy Section about the project.

At that time he said to me that the Dairy Section had also the same idea in the same Province. Since then I have not been related to the project.

b. Problems in the implementation of the project

1) Dividend problem

Under the present accounting system, NLCF cannot pay the dividend only to the cooperatives participated in the project individually. Even if it was possible, it was difficult to calculate how much NLCF should pay the dividend to those cooperatives. And because most of the member cooperatives are still so poor and weak in capital and management that it was difficult to ask them to invest for the project. They also didn't want to be hurt by meeting a deficit from the project.

So NLCF decided to invest for the project by itself for the first 3 years of being supposed to be shown a deficit. And the member cooperatives are supposed to participate in the project when NLCF recovers from the 3 years deficit.

2) Financing problem

At first money for the project was to be made up 90% from Livestock Development Funds and 10% from cooperative investment. When NLCF asked the government for the LDF, a lot of milk processing companies objected to the NLCF project and started to lobby the government to prevent NLCF from setting up the factory, insisting that NLCF should not operate the profitable business because NLCF is a non-profit organization. So the MAFF got into a dilemma if it should provide LDF to NLCF or not.

In response to this, NLCF had two opinions ; first, borrowing necessary money from foreign funds, second, taking the machines and facilities by lease. But these were also so difficult that NLCF decided to persuade the government to support the project, claiming that NLCF has mainly emphasized on the extension services for increasing productivity in the past but in the future NLCF can not protect farmer's rights and interests without participating in marketing and processing. Now NLCF has been granted by the government to use LDF.

III. Programme Utility

The ICA/Japan Training Course gave me a good opportunity to improve my ability in managing the cooperative business. Through this course I came to know of how to plan, how to analyze, how to increase member's income, how to add the value of agricultural products and so on. Group discussions were also very useful for us to exchange our opinions based on the different experiences.

At present, my work in NLCF is not related to the business directly. But I am providing foreign livestock statistics and information necessary for NLCF business. In doing my job this training course showed me a good direction to get the correct and useful information for the business.

NLCF is only 12 years old. So NLCF needs to raise competent managers in every field of NLCF business. In this situation, ICA programme is encouraging NLCF very much to produce able-managers, and it gives us a chance to contact the cooperatives in Asian region and cooperate with them.

About the programme, I would like to suggest one.

To make the better project it would be very useful if the participants have more time to prepare their projects. The participants will have more time if they could outline their projects and get basic and necessary information in their countries before they join the course. And then, they will discuss with the professors and participants about the projects during staying in India. And time will be saved. The study will also be more concrete and effective.

I hope the ICA/Japan Training Course will be continued and contribute to the development of cooperatives in Asian region, as it has done until now.