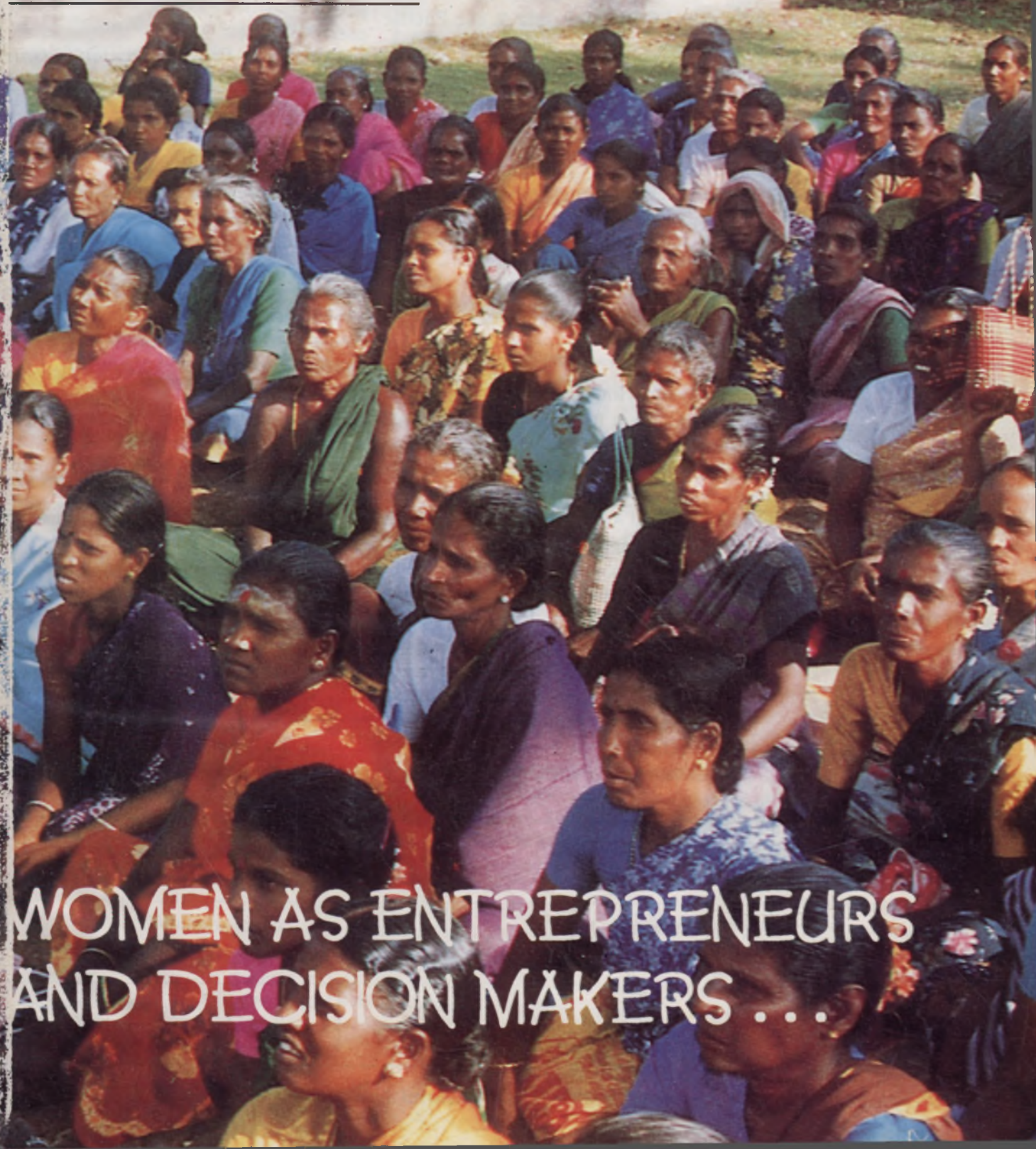


COOP DIALOGUE

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WOMEN AS ENTREPRENEURS
AND DECISION MAKERS ...



GOOP DIALOGUE

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Note : Text of this journal printed on paper made from sugarcane waste.

Women's Participation in Decision Making and Leadership: A Global Perspective

For those of us who were privileged to attend both the NGO Forum in Huairou and the Fourth World Conference on Women in Beijing proper, an outstanding feature of the experience was the very marked contrast in decision-making and leadership at the two events. The NGO Forum really was a women's forum, run by women, focused on women's issues and concerns and attended by a predominantly female audience. Although the comparatively small number of men who attended the Forum often participated quite actively and enthusiastically in individual events, overall they played a very peripheral and marginal role. Had they not been there, little would have changed.

By contrast, at the UN Conference in Beijing the picture was substantially reversed. Although it was an event on which women and women's issues ostensibly comprised the entire agenda, the players, the environment and the sub-text were quite different. Although many of the delegations to the Conference included significant numbers of women and many of the NGO women from Huairou also attended, dark suits predominated. More than half of the official government speakers were men and one soon realized that their decisions would carry the day rather than those of the women.

I was surprised to see that the women with whom we had worked in Huairou who also attended the Conference suddenly looked. They dressed differently, more somberly and more formally. They also behaved differently. Where colourful, laughing and informal cross-national groups had sprung up out of new friendships and common interests in Huairou, in

Ms. Lorraine Corner

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This paper was prepared by her for presentation at the ICA/AWCF Regional Seminar on Women in Decision Making in Co-operatives at Tagaytay City, Philippines, 7-9 May, 1997)

Beijing national groups representing more specific country interests dominated. Delegates clustered around their (often male) leaders with serious expressions, lobbying, negotiating and dealing for the outcome they (that is, their country, the male leaders) desired. The emphasis on substantive issues at Huairou was replaced by a concentration on more symbolic and superficial concerns - how will the action be perceived by others rather than does it address the problem. Although the Beijing Platform for Action included very specific provisions advocating the equal participation of women in decision-making and leadership at all levels, it was far from practising what it preached.

As I observed this rather startling contrast, it occurred to me that the usual sex roles in decision-making and leadership had been reversed in Huairou, while the Beijing Conference represented the status quo. The experience of marginality that some men undoubtedly felt in Huairou was one that women have learned to accept as 'normal': the consequence of living and working in an environment that was created by, and continued to be dominated by, people with different needs, interests and priorities from your own. The experience of "men as men" (rather than as individuals) in Huairou

would tell us a great deal about why, despite the provisions of the Platform for Action, women are still so far from achieving equality in decision-making and leadership.

Current Levels of Women's Participation in Decision-Making and Leadership

Tables 1 and 2 show just how far women are from achieving equal participation in decision-making and leadership. From most perspectives, the picture is rather gloomy: women's share of decision-making and leadership is small and, in most parts of the world, shows no clear trend toward improvement. Only in the Nordic countries are women approaching equality in the political sphere, and even in those countries the picture in the private sector and such key institutions as universities is often much less satisfactory. For example, almost no women are managing directors in the 100 largest private enterprises in the Nordic countries. (Last week's British election gives cause for greater optimism: reports indicate that 125 women were elected in the Labour Party's 419 seat landslide win.)

By 1995, only 24 women had ever been elected as heads of State of Government in modern times. In this case the trend appears more encouraging: half had been elected to office since 1990. Between 1987 and 1995, the number of countries where women held no ministerial posts fell from 93 to 59. However, less than 6 per cent of cabinet ministers were women in 1994 and women held more than 15 per cent of ministerial positions in only 16 countries.

Changes in women's participation in government show no clear trend. For example, most countries where women

PLATFORM FOR ACTION - RECOMMENDATIONS OF BEIJING CONFERENCE

The Fourth World Conference on Women, Beijing, China (4-15 September, 1995), in their Platform of Action, made the following recommendations on:

POVERTY

- Review, adopt and maintain macro-economic policies and development strategies that address the needs and efforts of women in poverty;
- Revise laws and administrative practices in order to ensure women's equal rights and access to economic resources;
- Provide women with access to savings and credit mechanisms and institutions;
- Develop gender-based methodologies and conduct research to address the feminization of poverty.

EDUCATION & TRAINING

- Eradicate illiteracy among women. Governments are to reduce the female illiteracy rate at least to half its 1990 level;
- Improve women's access to vocational training, science and technology, and continuing education;
- Develop non-discriminatory education and training;
- Allocate sufficient resources for and monitor the implementation of educational reforms;
- Promote lifelong education and training for girls and women.

HEALTH

- Increase women's access throughout the life cycle to appropriate, affordable and quality health care, information and related services;
- Reduce maternal mortality by at least 50 per cent of the 1990 levels by the year 2000 and a further one half by the year 2015;
- Encourage both women and men to take responsibility for their sexual and reproductive behaviour;
- Undertake gender-sensitive initiatives that address sexually transmitted diseases, HIV/AIDS and sexual and reproductive health issues;
- Increase resources and monitor follow-up for women's health.

VIOLENCE

- Adopt and implement legislation to end violence against women;
- Work actively to ratify and implement all international agreements related to violence against women, including the UN Convention on the Elimination of all Forms of Discrimination against Women;
- Adopt new laws and enforce existing ones to punish members of security forces and policy or any other state agents for acts of violence against women;
- Set up shelters, provide legal aid and other services for girls and women at risk, and provide counselling and rehabilitation for perpetrators of violence against women;
- Step up national and international co-operation to dismantle networks engaged in trafficking in women.

ARMED CONFLICT

- Increase the participation of women in conflict resolution at decision-making levels;
- Reduce excessive military expenditures and control the availability of armaments;
- Work towards the universal ratification of the anti-mine Convention and Protocol by the year 2000;
- Recognize the important roles and contributions of women in peace movements throughout the world;
- Recognize the need to protect women living in situations of armed and other conflict or under foreign occupation, or who have become refugees or displaced.

ECONOMY

- Promote women's economic rights and independence, including access to employment and appropriate working conditions and control over economic resources;
- Facilitate women's equal access to resources, employment, markets and trade;
- Provide business services, training and access to markets, information and technology, particularly to low income women;
- Strengthen women's economic capacity and commercial networks;
- Eliminate occupational segregation and all forms of employment discrimination;
- Promote harmonisation of work and family responsibilities for women and men.

DECISION-MAKING

- Ensure women's equal access to and full participation in power structures and decision-making in governmental bodies and public administration entities, including the judiciary, international and non-governmental organizations, political parties and trade unions;
- Increase women's capacity to participate in decision making and leadership positions.

INSTITUTIONAL MECHANISMS

- Create or strengthen national machineries and other governmental bodies; en-

sure that responsibility for the advancement of women is vested in the highest possible level of Government;

- Integrate gender perspectives in legislation, public policies, programmes and projects; ensure that before policy decisions are taken, an analysis of their impact on women and men is carried out;
- Generate and disseminate gender-disaggregated data and information for planning and evaluation; measure, in quantitative terms, unremunerated work that is outside national accounts.

HUMAN RIGHTS

- Promote and protect the human rights of women by fully implementing all human rights instruments, especially the Convention on the Elimination of All Forms of Discrimination against Women;
- Review national laws to ensure implementation of all international human rights agreements;
- Ensure equality and non-discrimination under the law and practice;
- Achieve legal literacy.

MEDIA

- Increase women's participation in and access to expression and decision-making in and through the media and new technologies of communication; governments should aim at gender balance through the appointment of women and men to all advisory, management, regulatory or monitoring bodies;
- Promote a balanced and non-stereotyped portrayal of women in the media. The media organizations, NGOs and the private sector should promote the equal sharing of family responsibility and produce materials that portray diverse roles of women leaders;
- Develop within mass media and advertising organizations professional guidelines and codes of conduct and other forms of self-regulation to promote the presentation of non-stereotyped images of women, consistent with freedom of expression.

ENVIRONMENT

- Involve women actively in environmental decision-making at all levels, including as managers, designers and planners, and as implementers and evaluators of environmental projects.
- Integrate gender concerns and perspective in policies and programmes for sustainable development;
- Strengthen or establish mechanisms at the national, regional and international levels to assess the impact of development and environment policies on women.

THE GIRL CHILD

- Eliminate all forms of discrimination against the girl-child; enact and enforce appropriate legislation that guarantees equal right to succession and ensures equal right to inherit, regardless of the sex of the child;
- Eliminate negative cultural attitudes and practices against girls;
- Eliminate discrimination against girls in education, skills development and training;
- Eliminate discrimination against girls in health and nutrition;
- Eliminate the economic exploitation of child labour and protect young girls at work;
- Strengthen the role of the family in improving the status of the girl-child.

INSTITUTIONAL & FINANCIAL ARRANGEMENTS

- At the national level, commitment at the highest political level is essential for the successful implementation of the Platform. By the end of 1996, all governments should have their own national strategies or plans of action. Governments should establish or improve effectiveness of national machineries for the advancement of women, and seek the active support of a broad range of other actors;
- At the regional and sub-regional levels, the regional commissions of the United Nations should promote and assist national institutions. Regional institutions should develop and publicize regional plans of action for implementing the Platform within given time-frames and resources.
- At the international level, all entities of the United Nations system should have the necessary resources and support to carry out follow-up activities. International financial institutions are encouraged to review and revise policies to ensure that their investments and programmes benefit women.

To ensure system-wide implementation of the platform and to advise on gender issues, the Secretary-General of the United Nations is invited to establish a high level post in his office. The Platform also calls for committing adequate financial resources from all sources and across all sectors.

(Extract from a brochure published by the United Nations Department of Publication Information, N.Y. 10017, USA - November, 1995)

hold top ministerial positions do not have comparable representation at the sub-ministerial, suggesting that women senior ministers are not pioneering a new trend. Women's membership in parliaments has declined in eastern and western Asia and fell sharply in eastern Europe after 1987, although women seem to have increased their share of seats in recent elections. However, measures such as the 33.3 per cent reservation for women introduced by the Government of India at the local level and now being considered for other levels of decision-making can be expected to create a pool of experienced potential women leaders. These women may begin to move into political decision making in increasing numbers in future.

Table 2 suggests that women are excluded from decision-making by more than just lack of education. Women's position in the labour force as a significant source of highly skilled and qualified labour as professional and technical workers is not matched by an equivalent contribution as administrative and managerial workers. In the world as a whole, women provide almost 40 per cent of professional and technical workers but less than 15 per cent of administrators and managers. Even in the industrial countries, the proportions are quite unbalanced: almost half the professional and technical workers but just over one quarter of the administrators and managers. As the experience of the United Nations suggests (Table 1), the imbalance becomes more pronounced in the higher levels of decision-making. The UN experience also shows how fragile improvement may be; in 1949 there were more women in the UN, although heavily concentrated at the lowest levels, than a quarter of a century later in 1975.

Why should women share decision-making and leadership?

The Beijing Platform for Action includes a strong statement calling for



Ms. Feroza Zaman, one of the few co-operative women leaders who became a Member of Parliament in Bangladesh

governments to ensure women's equal access to and full participation in power structures and decision-making. It also called for government to increase women's capacity to participate in decision making and leadership. Why is it necessary or desirable for women to share in decision-making and leadership? Two kinds of argument may be advanced, a human rights argument and a more pragmatic, efficiency-based argument, although there is considerable overlap between the two.

In democratic countries, rights-based arguments are difficult to deny (although the Beijing Platform merely noted that women's participation in decision making is needed in order to "strengthen democracy and promote its regular function"). It is a basic principle of democracy that adult citizens from all walks of life should have equal access to participation in decision-making and leadership. Ideally, representatives of groups with specific interests and perspectives should participate directly in decision-making processes and leadership to ensure that both the agenda of issues to be considered and the decisions subsequently made incorporate their views.

It is untenable that any specific interest group, say a particular ethnic or religious group, could be systemati-

cally excluded from direct participation in decision-making on the grounds that others can "speak" for them. Since women and men play different roles in society and therefore have different needs, interests and priorities, it follows that women also cannot be adequately represented in decision-making by men.

The pragmatic, efficiency-based argument for women's participation in decision making and leadership also starts from recognition that women and men have different needs, interests and priorities arising from their specific roles and situations. Even when men are aware of and seek to represent this difference, they lack information in the same way that mainstream decision makers are unable to capture the perspectives and needs of minority cultures or the poor. This failure to incorporate women's concerns in decision making represents a major loss for society as a whole. Women's needs, interests and concerns are not just those of women themselves, but reflect their primary roles as mothers, wives and caregivers. Therefore, incorporating a woman's perspective in decision making should result in better decisions that more adequately reflect the needs and interests of children and families (including the male members).

It is a basic principle of democracy that adult citizens from all walks of life should have equal access to participation in decision-making and leadership.

Finally, the Beijing Platform recognizes that women's equal participation in decision making and political life is vital for the advancement of women. Women remain in a position of inequality compared with men partly because their situation, needs and concerns are

not even inequality compared with men partly because their situation, needs and concerns are not even considered in current decision making: they do not even reach the mainstream agenda.

Much of the discussion at the NGO Forum focussed on women's need to become involved in "setting the agenda". The advancement of women demands that women participate ac-

tively in setting the agenda and determining issues on which decisions are to be made.

An Australian woman politician recently pointed out that it was only when women entered Australian Parliament in significant numbers that issues such as child care, violence against women and the valuation of unpaid labour were even considered by policy makers. As a result of these issues entering the agenda, Australia now promotes family-friendly employment policies, including work-based childcare.

It also recently undertook a nationally representative survey of violence against women, collects time allocation data and is now using that data to try to incorporate the value of unpaid work in national policy making.

Why are women marginalized in leadership?

Women are marginalized in decision making and leadership by a variety of processes that begin in infancy. In most societies, women lack experience of decision making and leadership in the public arena because girls, in contrast to boys, are socialized to play passive roles and given little opportunity to make decisions or develop leadership skills outside the family context.

In most traditional societies girls are kept largely within the confines of the household and family where they are protected and taught to accept the decisions that others - parents, teachers, brothers - make on their behalf. As a result of this lack of experience in a public context, girls tend to lack self-confidence and skills needed to function effectively in positions of formal leadership. An added handicap for many is their lack of capacity due to discrimination in access to education and training: in most countries, women have higher levels of illiteracy and fewer years of schooling than men.

Even when women succeed in gaining education and enter the decision-

TABLE 1

Women's Participation in National and International Leadership - 1995

Heads of State or Government	By 1995, only 24 women had been elected as heads of State or Government, half since 1990
Government and Cabinet	1994 women were 5.7 per cent of cabinet ministers (3.3 per cent in 1987) 1994 Women held no ministerial position in 59 countries (93 countries in 1987) 1994 Women held more than 15 per cent of ministerial positions in only 16 countries (8 countries in 1987) ^d Sweden 1994 - 52 per cent of ministers were women.
Sub-ministerial level	1994 Women held more than 15 per cent of positions in 23 countries (only 14 countries in 1987)
Parliamentary representation	Wide variation 1987-1994 proportion of women declined in eastern and western Asia. Strongest in northern Europe (Nordic countries).
Overall	Women's representation at highest levels of government weakest in Asia In Southern Asia, women hold 5-6 per cent of senior positions, but in other regions of Asia, women hold not more than 2 per cent. Women most represented in social, law and justice ministries. 1991 Formation of International Association of Women Judges.
United Nations	First woman Assistant Secretary General - 1972 1993/94 12 women at this level 1985 General Assembly first set goals for women staff. 30 per cent women in the Secretariat achieved 1990. By end of 1993, only 13 per cent of women in senior management. No women ever elected to the International Court of Justice (89 male judges elected since 1945). No woman ever appointed executive head of a UN autonomous or specialized agency.
Private Sector	1993, women comprise only 1 per cent of CEOs and 2 per cent of senior managers in the largest US corporations. Outside the US, there was no woman at the top level, 1 per cent in the second level and only 2 per cent at the third.
<i>Source: United Nations, 1995. The World's Women 1995. Trends and Statistics, United Nations: New York.</i>	

**Table 2 : Women's Participation in Decision-Making
1990 and 1995**

Country	HDI Rank	Women in Government 1995			Administrators & Managers, '90% female	Professionals & Technical '90 female
		Ministerial	Sub-Ministerial	Total		
Japan	3	6.7	8.8	8.3	9	42
Australia	11	13.3	26.7	23.7	43	25
New Zealand	14	7.4	20.0	16.8	32	48
Thailand	52	3.8	4.5	4.4	22	52
Korea, Rep. of	29	3.4	1.2	1.5	4	45
Singapore	34	0.0	7.1	5.1	34	16
Fiji	47	8.7	10.7	9.8	10	45
Malaysia	53	7.7	4.7	5.8	12	45
Iran, Isl.Rep. of	66	0.0	0.5	0.4	4	33
Philippines	95	8.3	26.3	23.9	34	63
Lao, PDR	138	0.0	4.1	2.7	-	-
Vietnam	121	6.5	2.4	3.9	-	-
Myanmar	133	0.0	0.0	0.0	-	-
Pakistan	134	3.7	1.0	1.6	3	20
India	135	4.2	6.3	6.1	2	21
Bangladesh	143	4.5	3.0	3.4	5	23
Nepal	151	0.0	0.0	0.0	-	-
Papua New Guinea	126	0.0	3.1	1.6	12	30
Indonesia	102	3.6	1.4	1.8	7	41
China	108	11.1	21.1	16.2	13	48
Samoa (Western)	88	6.7	7.4	7.1	12	47
Mongolia	113	0.0	8.7	4.7	-	-
Korea, DP Rep. of	83	1.2	0.6	0.6	-	-
Sri Lanka	89	12.5	7.9	8.7	17	25
Cambodia	156	0.0	6.6	5.1	-	-
Developing Countries		7.7	8.5	7.6	10	36
Industrial Countries		12.6	11.3	10.8	27	48

Source: UNDP, 1996 - UNDP Human Development Report 1996.

making mainstream, they are often marginalized by an institutional setting that reflects men's needs and situation and ignores women's different needs and experience. Modern work patterns and practices are designed for men who

have a supportive wife to take care of their essential domestic needs and family responsibilities at home - hence the saying that every career woman needs a good wife! Because it is designed to fit the needs and expectations of men,

the modern work environment is not family friendly. The hours and inflexibility of the working day, overtime, the location of work and commuting times make it difficult for working women to meet the dual expectations of their family and work roles, giving rise to role conflict.

Most men do not face such role conflict because society regards their family and personal roles as discretionary, meaning that they are subsidiary to and have to be fitted in with the primary work role. Thus, although men play important roles as husbands and fathers, these generally do not interfere with their primary work role as family breadwinner. For example, if a man's wife or child falls ill or is otherwise in need of his assistance, he is not expected (nor, in most cases, permitted) to leave his work in order to attend to them. Nor will he be considered as "bad" father or husband as a consequence.

By contrast, women's primary roles as wife and mother require their attention 24 hours a day and thus, for working women, must be carried out simultaneously with the work role. Even where a working woman has domestic assistance, she is still held responsible for managing her family. If her child or husband is ill, she is expected (and grudgingly permitted) to interrupt her work in order to ensure that their needs are met. If she fails to do so, society tends to judge her as a "bad" wife or mother.

In addition to role conflict, women often find themselves isolated and marginalised in unfriendly, if not hostile, male-dominated institutional cultures. A colleague recently described the situation of women in her office in the following terms: women must continually prove themselves to be capable, but the men are assumed to be competent - even when they are demonstrably not. Women must provide strong arguments to support their

views; men are simply believed on the basis of their professional qualifications and personal relationships.

In the work place, women are often judged by two quite different and conflicting standards, as women and as workers, placing them in a classic no-win situation. For example, good employees at the management level are usually expected to be decisive, articulate, assertive and clear about their goals and objectives.

However, in most cultures women as women are expected to be submissive, passive and demure. Thus a woman who displays the characteristics of a good manager may find that her supervisors are not appreciative because they are actually - and probably unconsciously - judging her as a woman, as well as a worker.

Some women also find that there is no "space" for them to perform effectively as decision makers because men dominate debate, male networks determine promotions and sexist stereotypes (for example, assumptions such as "women cannot work in the field", "will not take transfers away from their families", made without actually consulting women concerned) bar them from gaining the experience required for senior decision-making positions.

What can be done?

This analysis of the reasons for women's exclusion from decision making and leadership suggests a number of strategies to work toward equal access for women to decision making and leadership. The Beijing Platform for Action also identifies several specific issues that need to be addressed, including socialization and negative stereotyping, which have kept decision making the domain of men.

The Platform calls on actors to: create a gender balance in government and administration; integrate women into political parties; recognize that shared work and parental responsibilities pro-

mote women's increased participation in public life; promote gender balance within the UN system; work toward equality between women and men in the private sector; establish equal access for women to training; increase women's capacity to participate and in decision-making and leadership; and increase women's participation in the electoral process and political activities.

At the personal level, perhaps the first thing that needs to be done is to change the way we rear our children.

essary catch-up training and experience in order to be effective.

However, as the experience of capable women decision makers has demonstrated, these measures alone will not be sufficient. We also need to address the institutional context of decision making and leadership to create more women - and family-friendly institutions and organizational cultures. Some industrial countries have already begun slowly to move in this direction, reducing working hours, introducing flexi time and career structures for part-

The Beijing Platform for Action identifies several specific issues that need to be addressed, including socialization and negative stereotyping, which have kept decision making the domain of men,calls on actors to: create a gender balance in government and administration; integrate women into political parties; recognize that shared work and parental responsibilities promote women's increased participation in public life; promote gender balance within the UN system; work toward equality between women and men in the private sector; establish equal access for women to training; increase women's capacity to participate and in decision-making and leadership; and increase women's participation in the electoral process and political activities.

We must provide our daughters with opportunities to develop their decision making skills and leadership capacities, and we must train our sons to respect their sisters as equals. In particular, we must ensure that daughters have equal access to the same quantity, quality and type of education as sons.

Since this is a long-term objective, we must also take immediate steps to place more women in decision-making and leadership positions and, at the same time, provide them with the nec-

time workers (most of whom are women) and providing government-subsidized or work-based child care, maternity and parental leave and emergency leave for caregivers. In addition, institutions need to re-examine their organizational culture and work practices.

An interesting example of this may be found in a study of organizational culture in the Bangladesh NGO BRAC in the most recent issue of the Oxfam Journal Gender and Development (Volume 5, No.1 February 1997). We also

need to ensure that there are women in senior positions able to act as role models and mentors for young women and to establish women's networks that can support women in the same way that conventional male-dominated networks support the career development and promotions of men.

An essential step towards the more equal participation of women in decision making and leadership is awareness-raising for men. Institutional cultures that are unfriendly to women are not usually the result of deliberate policies but the consequences of their development over time to meet the needs and situations of men, who have for so long dominated the public domain and who have different needs, priorities and concerns from women.

Men need to become aware of the ways in which their assumptions, attitudes and behaviour are gendered to reflect their own situation, exclude a woman's perspective and thus obstruct women's equal participation. Women and men together must then negotiate a new institutional setting that provides space for both groups.

What is being done?

As noted, a number of countries have introduced measures designed to promote women's equal access to decision making and leadership. Some of these, particularly in the industrial countries, are ongoing activities that are part of a long-standing drive toward equality. Others are more recent and seem to be specifically related to commitments made at the Beijing Fourth World Conference on Women or to the equally important awareness-raising processes that preceded it.

An exciting example of these is the introduction of a 33.3 per cent quota for women in the local panchayati raj elections in India. This has resulted in a sharp increase in the number of women decision makers at the local level and provided an important train-

ing ground for women to move on to higher levels of decision making and leadership. The Government of India is now considering introducing a similar quota at higher levels of government.

Over the last two decades, most interventions have been directed toward strengthening women's leadership through women's organizations and national machineries. While this is clearly essential, perhaps the time has come to pay more attention to complementing these measures with programmes to strengthen the capacities of individual women. In the private and public sectors, mentoring and other leadership programmes for women are being introduced in a number of countries. Although most of these activities have been in the industrial countries, some developing countries, particularly the Philippines, are now exploring the potential for such programmes.

Over the last two decades, most interventions have been directed toward strengthening women's leadership through women's organizations and national machineries.

One area of decision making in which developing countries in the Asia-Pacific region have been particularly active is politics and the electoral process. As part of the preparatory activities for the Beijing Conference, most regions of the world held national and regional meetings seeking a more active role for women in political decision making at all levels. These culminated in Regional Conferences and the First Global Congress on Women in Politics held at the NGO Forum in Huairou.

Women around the world are now preparing for the Second Global Congress on Women in Politics to be held

in New Delhi in February 1998. The Secretariat for this conference is the Center for Asia-Pacific Women in Politics (CAPWIP), a regional network of national and sub-regional bodies. CAPWIP is currently setting up a regional training programme to support women who are already in or who are considering entering politics at any level.

A number of countries also held training programmes to prepare women for participation in specific elections. For example, in Thailand a number of training programmes were set up to assist women participate in local elections in 1996. In the Pacific, a sub-regional training course was held in conjunction with the regional WIPPAC Congress in November 1996 and others are planned to prepare women for forthcoming elections in several Pacific countries in the next two years.

Can a man be Prime Minister?

In conclusion, I would like to share with you an enlightening story told by Mrs. Gro Hart Bruntland at the Beijing Conference. It illustrates both the power of the stereotypes that currently obstruct women's participation in decision making and the ways in which they can, and must be, broken. Mrs. Hart Bruntland recalled how, when she first became Prime Minister, many Norwegians were shocked at the idea that a woman could hold the key decision-making and leadership post and predicted disaster and a short tenure in office for her.

Many years later, after successfully holding her post for more than a decade, she was told of a conversation overheard in a primary school playground. A small boy had boasted to his friends that he was going to be Prime Minister when he grows up.

His playmates - girls - laughed and told him: "Don't be silly! A man can't be Prime Minister - it has to be a woman." □

Women in Business : Strengthening Women's Economic Activities

Usha Jumani

This paper addresses the reality of women in small business. It is organised in two parts. Part I describes the main features of poor women's economic activities in the overall context of women in the economy as well as of small business. The common elements which emerge from successful grassroots initiatives to improve poor women's socio-economic reality and the constraints faced by them are described next, to define a larger strategy for strengthening these economic activities. The steps which governments can take to strengthen women's small businesses are listed at the end of Part I.

Part II focuses on the role of credit as one input in strengthening women's economic activities. The experiences of grassroots initiatives have been analysed to highlight the principles for providing credit to poor women.

PART I

Definition of Small Business

The term 'small business' has been used as an umbrella term for explaining a wide range of activities through which poor people earn their livelihood. Micro-enterprise, small entrepreneur, cottage industry, household sector, informal business, unregistered business, tiny sector, are the various qualifications applied to refer to specific segments of small business.

There are two aspects which have to be understood in the term 'small business'. One is the meaning of 'small', and the other is the meaning of the word 'business'.

The word 'small' is defined in a context - it is a relative word. There

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are legal limits set to define 'small' - by number of people working, by amount of investment, by income earned. Basically, it is a reference to scale of operations and the limits of 'small' are set a priori. For instance, in India, the small business sector is defined as units which have an investment in plant and machinery up to Rs.6.0 million*. Similarly, units operating with power and having less than 10 workers, as well as units operating without power and having less than 20 workers are not covered by the Factories Act. The Household sector is defined as units having less than 5 workers. People earning annual income less than Rs.22,000 are exempted from paying tax. These are various indicators of 'small' but they are still fairly big in relation to the reality of the majority of the population in India. An annual family income (5 members) of Rs.6,400 is the cut-off for the poverty line in India. Almost a third to half** the population in India lives below the poverty line.

'Business' refers to any activity which is done for getting a commercial return - it includes production, trade, and service activities.

Men, women, and children are engaged in a variety of ways in small business. The reality of women in the economy and in small business is described in the following sections.

Women in the Economy

Taking the economy of India as a case in point, a graphic representation (see opposite page) of the heterogeneity of working women in the economies of developing countries by income groups and work relationship with the economy would be as follows:

If all the working women in the economy are designated by a circle, then the approximate proportion of women in low income, middle income, and high income groups are segmented by the 3 horizontal lines in the circle. The majority of the population is low income group.

A very small proportion of women in developing countries have a regular job with an employer-employee relationship recognised by the law and with all the protective legislations accorded to employees. There are other-employed. India is the tenth most industrialised country in the world, yet only 6-7 per cent of working women are other-employed. This minority is shown in the schematic diagram above by chord ab. Other-employed women (recognised employees) are spread over all the three income groups.

* Jumani, Usha, "Analysis of Institutional Funds Flow and its Effect on Women's Work", National Commission on Self-Employed Women, Government of India, New Delhi, 1987.

** Fluitman, Fred (ed.) "Training for Work in the Informal Sector", Geneva: ILO, 1989 (pp.ix-x)

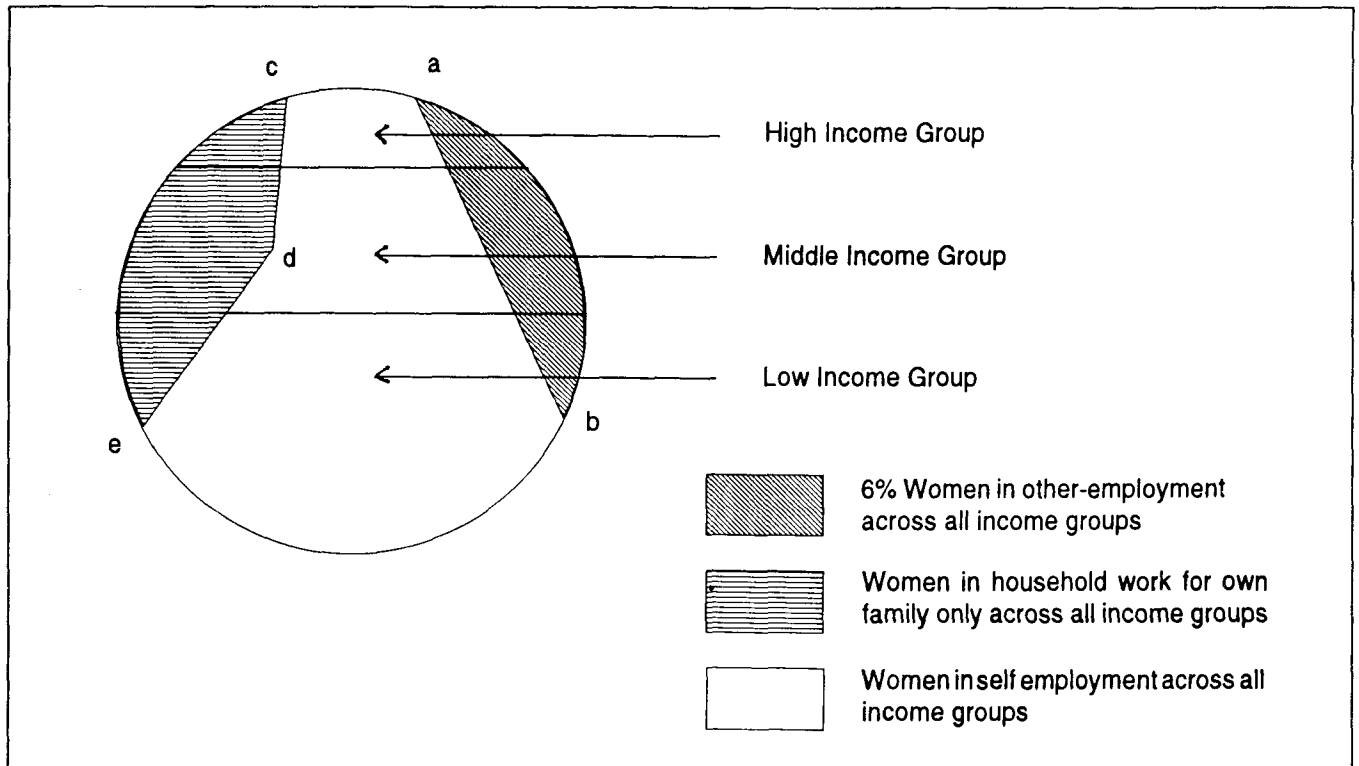
There is another category of women who are engaged only in household work for their own family - this is mainly middle income women as marked by the line code in the circle. The low income women have to do their own household work in addition to working for a livelihood. The high income women rarely do their own household work themselves - they get it done by others.

recognised by the law is even lower than that in India in most of the developing countries of the world.

Low income and middle income group women are those mainly engaged in 'small business'. When we try to understand the small business sector where women are concentrated, we have to add the dimension of poverty to it. As the majority of women in India and other developing countries are low income

ties initiated by women entrepreneurs. Their problems and issues and the support they need are fairly well understood. Increasingly these small entrepreneur activities belong to the middle income and high income group women in the economy. The remaining four work relationships where low income women are concentrated are not well understood. If we want to address the question of

Graphic Presentation of the Heterogeneity of Women



The rest of the working women are all fending for themselves to earn a livelihood - they are self-employed are also spread over the three income groups. The low income, self-employed women by far constitute the largest segment of all working women in developing countries. All the self-employed women are engaged in some economic activity for a return - cash and/or kind return - with or without requisite public policy support. The percentage of women having an established employer-employee relationship

women, the economic activities they are engaged in become the focus of 'small business' definition. Five types of work/production relationships mark the economic activities of low income, self-employed women. These are:

- Wage work
- Piece rate work
- Unpaid family work
- Own account work
- Small entrepreneur

The 'small business' focus has so far been primarily on the economic activi-

women's poverty and strengthening women's economic activities through development as a planned effort, then we have to understand these various work relationships and the kinds of occupations these women are engaged in.

Main Features of Poor Women's Economic Activities

Poor women are all working women. They are engaged in a variety of occupations including small farm agriculture; livestock tending;

processing livestock produce; gathering and processing forest produce; tree growing; small trading and vending; producing manufactured items such as garments, bidies (leaf cigarettes), shoes, footstuffs, handicrafts, etc. at home; providing unskilled manual labour on fields, construction sites, in factories and workshops; providing services such as cleaning, washing, cooking, transportation, childcare, etc.

They are involved in fending for themselves to somehow generate cash and/or kind return from their work to sustain themselves and their families. They work on their own in a self-created niche in the economy, they maximise on various work opportunities.



Handloom weaver in India - A traditional occupation for women

The natural seasonality of work in the economy relating to agriculture, livestock, forestry as well as the religious and ceremonial seasonality of work lead to a situation where poor women are engaged in multiple occupations at different times of the year to ensure even a minimum level of survival. The occupations are a combination of subsistence and commercial work. (Activities generating return in cash are being referred to as commercial work). The production relations they are engaged in are a combination of own account work, piece rate work, wage labour, and unpaid family work at different times of the year. The con-

sumption and production needs of poor women for earning income are intermingled because day-to-day survival is the most critical aspect of their lives.

Essentially poor women work in the informal system of the economy - the activities they are engaged in are small in size, using traditional labour intensive skills, generate small incomes, are highly decentralised, depend on verbal transactions with few people and are based on mutual trust. They own very meagre capital and assets to sustain their economic activities - they can generate very low cash and/or kind return from these activities.

Women engaged in these economic activities are dispersed over so many

homesteads and workplaces, they work individually. They are illiterate and do not have security of work and income. Their economic activities have low yields and low productivity. They are caught in a web of exploitative relationships with buyers and suppliers of their goods and services because of their own poverty. Thus they end up getting paid very low wages or piece rates, very low prices for their finished goods, they are forced to buy raw material at very high retail prices because they buy in small quantities, they are forced to pay high rates of interest on funds they borrow, they have to make distress sales because they do not have

staying capacity and have to accept unfavourable trade terms. They are handicapped in dealing with formal institutional avenues of the economy and have very little policy support for their work.

Coupled with this work situation is the fact of multiple roles for women created by the social and biological reality. The roles of wife, mother, homemaker are in addition to the worker role for women - hence all the household chores, plus childcare, plus looking after the husband and menfolk and other family members, have to be done hand-in-hand with the income earning and livelihood sustaining work. Their work is not called work and they are invisible as workers in official statistics.

The multiple roles, multiple occupations, multiple production relationships, cash/kind income base all contribute to the complex reality of the livelihoods of poor women. These are the main features of the small business sector where women are concentrated.

Successful Initiatives for Strengthening Women's Economic Activities

Several grassroots organisations in many developing countries have been actively involved in the task of influencing poor women's income by strengthening their economic activities. Some governmental programmes also have attempted to do the same work. However, when grassroots organisations have designed their own programmes or worked in conjunction with the government to implement government programmes, the results have been better compared to government programme implementation through government's own officials.

Essentially, these initiatives have tried a variety of interventions in land based, livestock based, manufacturing based, trade based, service based economic activities of poor women to enable them to increase their incomes (returns). There have been varied degrees

of sustained income increase (e.g. from Rs.50 - Rs.1000 per month in India). The numbers of women involved in these efforts also vary from groups of 5 to 5000 women. The length of this paper does not permit detailed discussion of these initiatives. However, the common elements in these efforts have been described below.

Common Elements in Successful Grassroots Initiatives

The efforts which have been able to achieve the objective of strengthening poor women's economic activities have several common aspects. These can be listed out as separate elements which really represent a cluster of positive forces coming together in specific efforts. More the number of these elements are built into the design of planned development interventions, the more likely is the effectiveness of these interventions to strengthen women's socio-economic situation.

1. Conscious Efforts of Organising Women

Poor women are scattered and dispersed over many worksites, homesteads, occupations and activities. They are too weak and helpless economically to be able to deal with the forces of poverty alone. They are not organised as workers, to pressure for economic improvement in their lives. To bring about change, conscious efforts have to be made to bring these poor women together for collective action - they have to understand their common reality and common goals of desired change and be ready to act in unison. Organising people is a slow continuous process of enabling a group of people to perceive common goals and act collectively.

2. Interventions to Strengthen Existing Economic Activities

The organising process is sustained by concrete improvements in the lives of people. Economic improvement for poor women is possible by strength-

ening their existing economic activities and/or introducing new activities. Specific interventions are needed for both these options, to change the equilibrium of economic forces which result in such low incomes/returns for poor women. The experience of most grassroots organisations has been that it is easier to strengthen women's existing economic activities by skill upgradation, improved productivity, better selling prices, lower costs of production, easier terms of credit, and providing support services like space, equipment, health care, child care, bringing about economic improvement for poor women.

These interventions have been effective because of the sensitive understanding of women's multiple occupational base and multiple life roles reality on the one hand, and of establishing policy linkages for positive improvements in their economic activities on the other. These aspects are discussed in the next two points.

Essentially poor women work in the informal system of the economy - the activities they are engaged in are small in size, using traditional labour intensive skills, generate small incomes, are highly decentralised, depend on verbal transactions with few people and are based on mutual trust.

3. Women's Multiple Occupations and Multiple Life Roles Reality

Poor women are engaged in different activities at various times of the year for survival. Usually it is a combination of land based, live stock based, manufacturing base, trade

based, service based activities, it is not possible for any one of these activities, to provide sustained income to poor women. The production relations of natural seasonality and cyclical work opportunities, round the year because of natural seasonality and cyclical work opportunities.

The production relations in this multiple occupation base are also varied. Some activity is pursued as own account work, another as piece rate work, a third as wage labour - for instance a woman may be engaged in agricultural labour on daily wages - for part of the year, may have a few goats of her own which give milk for part of the year, and be involved in weaving silk on piece rate for part of the year.

Interventions for strengthening women's economic activities are effective when they take into account this complex work reality. The most marked improvements have come around when efforts are made to increase income from all the activities women are engaged in. Those who have income from more bases of livelihood are better-off than those who have income from one base only.

Efforts which have tried to increase the number of income bases for those women who have only one base of income presently are also effective.

Similarly interventions which are sensitive to women's multiple life roles are more effective. The role of wife, mother, homemaker, all make demands of time on women's worker roles. The interventions to improve women's economic position mainly focus on their worker roles. But the present societal structures do not permit women's maximum energy to be spent in the worker role - hence interventions which permit flexibility of working time, which allow unexpected and unforeseen events, which provide support during pregnancy, childbirth and afterwards, provide childcare facilities, are more effective than those which do not.

4. *Good Internal Management and Positive Public Policy Linkage*

Income in any economic activity is earned through good inherent management of the work and through adequate public policy support from the economy where it is conducted. Poor women usually run their own individual economic activities very efficiently because of sheer survival pressure on them. But public policy support from the economy is usually absent or loaded against them. So it is very difficult for poor women to improve their economic situation individually, and alone.

When interventions are made to strengthen women's economic activities; it is very important to create the positive policy linkages for access to raw materials, markets, skills, space, credit, equipment, etc. Without this policy support, the most efficiently managed economic activities find it difficult to generate ore income for poor women. Wherever such policy linkage has been established the incomes of women have increased. On the other hand, when interventions do not pay enough attention to good internal management of the economic activities for women, then in spite of good public policy support, increased income is not generated for women. So it is important to integrate good internal management and positive public policy support in interventions designed for strengthening women's economic activities.

5. *Focus on Groups of Women*

The efforts to organise poor women lead to interventions which can involve large numbers of women. It is very difficult to help large numbers of poor women individually, but when some group activities are initiated, then success is better. The nature of the group can vary from doing something in common such as procurement of raw materials or marketing, whereas all other aspects are managed individually; to

doing all aspects of the work as a group, including procurement, production, sales, accounts, etc. The choice depends on the nature of the economic activity the women are engaged in and how amenable it is to be done jointly/separately. The more critical point in this process is the creation of a group to enable women to learn the dynamics of their economic activity, and to develop a stake in the activity initiated.

Individual entrepreneurship does not help to create a stake in a group/joint economic activity. The whole process of getting positive public policy support involves group pressure and collective action for change. Unless there is a stake for members in a group, it is very difficult to make them retain their interest in the group. A stake is created by involving the women in sharing the profits of the economic activity, by involving them in decision making to run the economic activity, by developing their own organisation.

This process leads to group entrepreneurship and collective self-employment. It eventually takes the organisational form of a co-operative - to function in a co-operative way, either as a registered or unregistered co-operative. The efforts which have remained confined to dealing with individual women only, have not been so successful in creating change and impact in the lives of large numbers of women.

6. *Integrated Set of Support Services*

Interventions for women's economic activities which have focused on providing an integrated set of support services for women such as credit, healthcare, childcare, communications, training, housing, insurance, in addition to the various aspects of the economic activity itself such as procurement, markets, space, technology, etc. have been more successful as compared to those which provide only iso-

lated services.

7. *Teams of Literate and Illiterate, Middle Class and Working Class, Professional and Amateur Women*

Interventions which have been able to build teams of literate and illiterate people to deal with the handicap of illiteracy which faces poor women, have been more effective than those which have left poor women to deal with illiteracy on their own. Building such teams has also led to middle class and working class women coming together because, by and large, the middle class women are the literate ones in developing countries. It also leads to professional and amateur women working together to enable transfer of skills and create new knowledge from this combination.

It is very difficult for poor, illiterate women to influence and deal with middle class bureaucrats and policy makers to change their situation, on their own. When such teams get formed, then each set of women bring their own strength to the situation - poor women know the dynamics of their economic activity, middle class women know how to deal with policy makers; amateurs have the strength of life experience and knowledge of survival, professionals have the knowledge of systematic training and existing theory about a subject.

New and unique strength is created when such combinations are allowed to develop. Interventions which build such teams in their development design have been more effective in strengthening women socially and economically.

8. *Attempt to Change the Structure of the Economy*

All these elements described above, have the combined effect of trying to change the structure of the economy in favour of poor women to make it more responsive to their socio-economic reality, and to create enough rep-

representative strength for them to protect their interests. When the interventions designed are very clear about this overall larger change being sought in the structure of the economy, then all the concomitant efforts and links are made to bring about this change. All the elements described above are interwoven links in this process of change. When the larger goal is not clear and articulate then some change does happen, but the existing system gets reinforced more often than not and women's representatives in the economy is not necessarily ensured.

Constraints Faced by Women's Economic Activities

Nevertheless, success is very limited in strengthening women's economic activities because of several inherent forces in the economy which are very deep-rooted. These are mainly:

1. *Vested Interest to Exploit Women's Work Cheaply*

The vested interest in favour of the status quo is very powerful - big business and those who are presently deriving substantial incomes from the economic activities where women in large numbers are able to do so because women's work is underpaid and unpaid. The present economics of the concerned occupations cannot be sustained if women start getting all the facilities and income due to them for the amount of work they put in. To struggle against such powerful vested interests is very difficult for poor women, but it is possible. It is very slow and long process requiring great perseverance. That is why results are very fragmentary and small, and success is limited.

2. *Women's Limited Skills & Exposure*

To earn good and sustained income directly from the economy through self-employment today requires institutional/organisational dealings and linkages. As the institutional infrastructure of the economy becomes more and more central in controlling the flow of

money it becomes necessary to acquire the competence for institutional transactions - whether it be with banks, financial institutions, insurance companies, government departments, public sector corporations, development corporations, other companies, trading and marketing corporations. All the planned development interventions are increasingly channeled through these institutions.



Supit - Women Entrepreneur in Nakorn Ratchsima in Thailand - raises pigs and owns a rice mill

The majority of the women do not have the skills, experience, exposure for institutional transactions as individuals or as groups. They need representative organisations of their own to help them develop their competence in the organisation-to-organisation interface of business transactions. Very few such representative organisations of poor, self-employed women exist. Hence the limited success of women's economic activities.

3. *Women's Incompetence in Formal Dealings*

The transformation of the economy to an institutional base has also made formal dealings central. Formal dealings depend on written transactions and poor women are largely illiterate. Poor women are not able to understand this transformation on their own and create a niche for themselves in the changing economic scenario. Hence the limited

success of their efforts

4. *Insensitivity of Policy Makers*

The policy makers responsible for the transformation of the economy to an institutional base do not address the needs and reality of poor women directly. Institutional finance, for instance, is a good indicator of the sensitivity of the policy makers to women's economic activities, the flow of public funds to women's economic activities through institutional finance is very low. An analysis carried out by the author in 1987 correlating institutional funds flow with women's economic activities showed that less than 2 per cent funds were allocated to 17 out of 28 three digit census classification categories in India where women's economic activities are concentrated. Hence the transformation of the economy is strengthening those sectors of the economy where women are not engaged in large numbers. Such contradictions make it very difficult for poor women's economic activities to survive against the flow of the economic tide.

5. *Erosion of Women's Economic Activities*

The activities per se, in which poor women are engaged are being destroyed, and replaced by other goods/services produced mechanically. Agriculture, handlooms, handicrafts, fisheries, sericulture, dairying, vending, are some of the sectors of the economy where women are in large numbers. The way work is transformed here affects women, most critically. Hence it is very difficult for women to earn sustained income from such work.

6. *Insufficient Collective Strength*

Women do not have sufficient collective strength as yet to lobby for protecting their interests and be able to divert the emerging economic opportunities in their favour. Hence the limited success of strengthening women's economic activities.

Strategy for Strengthening Women's Economic Activities

The strategy for strengthening women's economic activities has to address the twin objectives of increasing income and increasing solidarity of women. The assumption for strengthening their businesses is that in due course of time they must become big in size and develop on the lines of the large business corporations. This path of economic growth eventually leads to the creation of an employer-employee work relationship for the majority of the population, as has been evidenced by the economies of the industrialised countries.

However, in the developing countries, this path of growth is a reality for very few economic activities and the existing corporation are not able to generate further growth in employment easily.

Most of the present day national and multi-national business corporations have started their businesses many decades ago in a small shed and have followed the path of economic growth up to infinity to reach their present size. This strategy of growth is based on individual entrepreneurship and wealth



Poverty has an influence on gender roles

creation. This strategy has led to the present day division of labour and capital, has led to unequal distribution of wealth and resources, and also to mass scale poverty in the world today. It has not been able to deal with poverty, and it does not have the capacity to create enough work for all, to generate enough income for all in an employer-employee relationship. It does not lead workers to develop a stake in the business as equal partners when it becomes large. It has also created concentration of resources, and of economic power, and the institutional infrastructure to reinforce this concentration.

This strategy of growth has left the economic activities of poor women out of the mainstream of the economy and made it very difficult for them to flourish. It has not led to empowerment of women, nor to changing the structure of the economy to a more egalitarian and democratic basis.

As the previous Director General of the ILO, Mr. Francis Blanchard has written*:

"It would be unrealistic to insist that a solution lies in integrating all workers into the formal sector. The formal sector in many developing countries is simply too small to absorb more than a fraction of labour force entrants even in the most favourable economic conditions. Indeed work in the informal sector undoubtedly relieves poverty and its valuable contribution in meeting basic needs should not be underestimated. We must take care not to smother it with regulations. It would be more pertinent to look for other ways to protect its workers, most of whom are self-employed or apprentices, against exploitation, to help them set up additional small enterprises and co-operatives, to provide them with training, credit and other support required to diversify production and to

* Fluitman, Fred (ed). "Training for Work in the Informal Sector", Geneva: ILO, 1989 (pp.ix-x)

improve their productivity and income.

Informal sector workers, whether they are in rural or in urban areas, self-employed or employees, must to a large extent help themselves in overcoming difficulties. This will not be feasible unless they get together to defend their interests. Existing workers' and employers' organisations should strive to meet the needs of their workers in the informal sector more effectively, by appropriate adjustment of their objectives and structures. In addition, or as an alternative, new forms of organisation and participation should be explored.

In short, I believe that it is of vital importance for the ILO to extend its concern to the entire world of labour, including the hundreds of millions of men and women in the fringe of or outside, the organised, industrial, formal sector."

The strategy for strengthening the business of poor women, which is emerging from the experiences of grassroots organisations is to enable small businesses to grow into co-operatives with the ownership and decision making control in the hands of poor women themselves. The interventions necessary to make this a reality have been described earlier. These interventions are the basis of this development strategy to influence the reality of poor women favourably, to enable them to become true partners in the economy. The strategy is to juxtapose the labour movement, the co-operative movement, the women's movement, to create the necessary momentum for self-employment for the majority of the population.

The way of strengthening self employment for the majority through workers co-operatives involves creating collective ownership of resources through group entrepreneurship. A co-operative allows economic growth and group solidarity for the members. It also creates a stake in the business for

all the members because of shared ownership. The wealth generated through economic growth of a business through co-operatives is a source of strength for all the members, who are also the workers in that business. So wealth does not get concentrated in the hands of a few owners, but is dispersed in the hands of many workers.

This strategy has to operate from the existing economic activities of poor women and their various work relationships in the economy. The economy is basically divided into production, trade, and service sectors and women are active in all three sectors. A schematic representation of the work relationships of women in all these areas of the economy would be like in the following chart.

All these work relationships are part of the world of small business. Instead of looking at the small entrepreneur

Sector of Economy / Production Relationship	Production	Trade	Services
Small Entrepreneur			
Own Account Work			
Unpaid Work in Family Unit			
Piece Rate Work			
Wage Work			

alone as the focal point of growth, it is necessary to look at all the work relationships as the focal points of growth to create increased income and increased solidarity through co-operatives. Whatever support is to be provided to make this a reality is the basis of development interventions. The present day situation of the economy has been created by following a strategy where the small entrepreneur becomes the focal point of growth to develop into large corporations and absorb all the remaining type of work relationships into an employer-employee

relationship. The limits of this strategy to strengthen the poor are self-evident from the present extent of poverty in the world.

Grassroots experience is suggesting a strategy where all the five types of work relationships of poor women are nurtured to develop into production, trade, and service co-operatives of workers to create true self-employment for the majority of the population. Whatever support and help is needed to nurture these workers co-operatives becomes part of the planned development efforts.

The mainstream of the economy is where the majority of the population is working. The strategy must enable the majority to be in the centre of the economy and to protect its interests. Women have to be in charge of their own lives and be able to influence decisions which affect their lives - be it

at grassroots, national or international levels.

Steps Governments can take to Strengthen Women's Small Business

1. Facilitate the process of organising women workers and create people's organisations.
2. Make a commitment to strengthen self-employment for the majority.
3. Channelise institutional finance in sectors of economy where women are engaged in large numbers, in proportion to their numbers.
4. Create a basis for power sharing

with people's organisations by involving them in policy formulation and programme implementation.

5. Create a favourable policy support for women's economic activities.
6. Commission fact finding studies, of the reality of women's economic activities and their problems in the overall economy.
7. Create visibility for women's reality through research, reports, media, policies, programmes.
8. Develop programmes specially targetted at women but linked into all sectors of the economy. Create a separate department or ministry for women, but integrate its functioning through all the concerned ministries/departments.
9. Invest in capacity building process for women through training, exposure programmes, and orientation programmes.
10. Simplify procedures and formalities, as well as the legalities of programmes, and institutional support to help poor women. Illiteracy should not become a handicap for women to get the help of development programmes.
11. Recognise the existing experiential knowledge of women and delink the creation of work opportunities to academic qualifications. Enable vocational training to strengthen women's existing skills and thereby their work.
12. Create a cadre of functionaries who will be a link between the governing function and development programmes implementing function of the government. This link will have the responsibility to increasingly hand over the development programmes implementation function to people's organisations.
13. Facilitate the process of ownership of assets for women - land, live-

PART II

Women's Access to Credit

There has been considerable interest in development agenda over the past 15-20 years to provide credit to women in developing countries as a way of strengthening their economic activities. Governmental schemes, international organisations, voluntary grassroots initiatives have all attempted to develop effective mechanisms to provide credit facilities to women.

India has several governmental schemes in the form of anti-poverty programmes, subsidies, incentives for women's activities. Bangladesh has a special bank called Grameen Bank, constituted under an Act of Parliament. Pakistan has recently set up a special Women's Bank.

There are some international organisations which are also active in the field of credit to women - UNIFEM, World Council of Credit Unions, Women's World Banking, the Trickle-up Program, among others.

The voluntary grassroots initiatives within individual countries have been the most numerous and varied in approach in providing credit to women. They include informal savings groups, non-governmental organisations, registered credit co-operative societies, federations of savings and credit groups, women's co-operative banks. Some of these voluntary initiatives are Sewa Bank, Myrada, Assefa, Thrift Co-op's Association, Working Women's Forum, Community Services Guild, Bhagvatula Charitable Trust, Bhuvaneshwari Ashram, Astha, Annapurna Mahila Mandal, BAIF Development Research Foundation, Gram Vikas, Tagore Society for Rural Development in India, BRAC, Proshika, Saptagram in Bangladesh; Aga Khan Rural Support Programme, Sind Rural Workers Co-operative Organisation in Pakistan; Wok Meri in Papua New Guinea, Rural Development Programme in Western Samoa; the Goroko Women's in-

vestment Co-operative, The Masimba Women's Group, the Mraru Bus Project in Kenya; Women in Development Inc. in Barbados; The Women's Construction Collective in Jamaica; Women's World banking affiliates in several countries.

Funds are available as credit from various sources in the economy such as:

- from a person's own funds
- from family funds
- from friends and relatives
- from charitable institutions
- from money lenders
- from savings groups
- from credit societies and revolving loan funds
- from banks
- from other financial institutions
- from national and international donor agencies
- from government programmes.

In most countries, communities, and parts of the world in general, women have had access to funds from the first six sources in the above list. Traditionally, women have not had access to funds from the remaining five sources, and it is these financial sources that are becoming more and more important in determining the future of economies all over the world. To facilitate women's access to credit, it is essential to understand how they are located in this financial structure because an increasing amount of money of the global economy is being channelled through credit societies, banks, and other financial institutions.

We will discuss here the lessons learnt from the experiences of voluntary grassroots initiatives in developing countries in strengthening poor women's economic activities by providing credit from the last five sources of funds in the above mentioned list. Voluntary grassroots initiatives have had a better performance and have been more successful in providing credit to

stock, house, capital, licenses, equipment, tools, bank account, workspace.

14. Create an integrated set of support services which includes credit, healthcare, childcare, communication, training, insurance, housing, legal facilities, for women along with the support they need for their economic activities.
15. Redefine the mainstream of business to refer to the work of the majority of the population.
16. Reserve markets and raw materials for poor women's economic activities so that they can continue to generate income from their work.
17. Create institutional markets and institutional facilities for women's economic activities.
18. Re-educate present government officials through exposure programmes, field experience, and conceptual frameworks to understand the nature of women's economic activities and respond to their reality.
Reorient the selection procedures of new recruits into the government machinery to create cadres of functionaries capable of responding to the development tasks related to poverty.
19. Link performance evaluation and career opportunities of government officials to the improvement of the lives of poor women through government programmes and schemes - not just to achieving funds utilisation targets.
20. Reorient official government implementing machinery which have been established from public funds to cater to the needs of the whole population - both self-employed and employees - and not just to employees who constitute a minority of the working population.

poor women compared to other efforts (governmental and international organisations).

Poor women's needs for credit are closely intertwined with the nature of their economic activities. A detailed analysis has been presented in Part I of this paper, about the complex nature of poor women's work and economic activities. The efforts of governmental schemes, international organisations, and voluntary initiatives have been to create an institutional framework for women's access to credit. They have either created completely new institutional mechanisms or they have built on the traditional mechanisms available to women and integrated them into the institutional operations.

Wherever the finer nuances of poor women's work have been understood, it has been possible to develop a strong and effective mechanism for providing them credit.

These finer nuances are essentially related to the informal system of work in which poor women are involved. The informal system of work basically depends on verbal transactions based on mutual trust. Poor women's economic activities in the informal system of work are small in size, use traditional labour intensive skills, generate small incomes, are highly decentralised. In this system the subsistence and commercial activities of poor women's work form one continuum. The consumption and production credit needs of poor women form another continuum. It is very difficult to separate these four aspects of poor women's work into clear-cut compartments. Their precarious life situation demands a holistic approach to their total life as a person and credit becomes one aspect of this holistic approach.

The work of voluntary initiatives in providing credit for poor women can be referred to as banking with the informal system of work. We can ana-

lyse the successful experiences of voluntary initiatives through a comparison with the functioning of the conventional banks which can be called banking with the formal system of work. The role of the voluntary organisation (initiative) itself can be seen as that of a banker in a very broad sense, in this comparison.

Banking with the Formal System

The basic lesson to be understood in providing banking services to poor women is in the role of the banker in banking with the formal system compared to banking with the informal system of work.

Today, conventional banks function from an office where the borrower has to come and present his/her creditworthiness credentials. This is mainly in the form of security or collateral. If you are able to prove through documentary evidence that you have sufficient security/collateral acceptable to the bank, then you are creditworthy and the banker is ready to do business with you. If you are not able to present such documentary evidence, then you are not creditworthy and the banker is not willing to do business with you. Those people who have been able to involve themselves in formal systems of work are able to provide documentary evidence such as a salary certificate, fixed

deposit certificates, inventory certificates, bills due; or those who own property - both moveable and immovable - are able to provide property ownership certificates.

Poor women are not able to provide such documents because they have not involved themselves in the formal system of work. They are in the informal system of work by design or by default, and find it difficult to borrow from banks. In the present system, therefore, the onus of establishing creditworthiness falls on the borrower (poor women). The borrower also has to be familiar with and knowledgeable about bank procedures and formalities and has to be literate, to be able to deal with banks. The poor are, by and large, not knowledgeable about these procedures and most of them are illiterate.

Those borrowers who can provide these various certificates, are able to get assistance from banks. However, the work of giving certificates is done by a third agency - the respective ones for property, employment, taxes, etc.

This agency - whether the registrar of properties, or the revenue department or the municipality or the office where the person is employed, or the income tax department, or the sales tax department, or the octroi department - does the necessary field work and scru-



SEWA Bank (India) - Women managed micro-financing system

tiny and checking of the bonafides of the person and then issues certificates to show that a particular individual is worth a certain amount. The bank then uses these certificates, the ground work for which has been done by a third agency, and determines the creditworthiness of the borrower. The bank uses this security/collateral base to recover its dues by selling off or disposing off the property, etc., if the need arises.

When banking with people in the informal system, it is very difficult to get such documentary evidence because they keep written transactions to a minimum. Hence the role of the banker changes. The banker has to do the field work himself/herself to know the exact worth of the borrower and to determine his/her creditworthiness.

This process is even more true when banking with the poor, because they rarely have any written transactions. Their dealings are mainly of small size and are verbal in nature. For poor women, this process is the most true, because they do not even have any assets in their name.

Individual knowledge of the social and work system of the borrower is the basis on which the bank can take risks when dealing with the informal system. Constant contact with the borrowers, knowledge of the various trades which these people engage in, the kinds of goods and services they provide, their sources of procuring goods, the places where their goods are sold, the customers and the suppliers of the borrowers; the place of work, the place of residence, social peers, relatives and associates of the borrowers; size of business, margins in each trade, other income sources; family size and expenditure, habits and attitudes of the borrowers are the kind of detailed information which the banker has to know and continuously monitor. This information alone can substitute for security and collateral. The poor cannot provide documentary evidence on their own, so

the banker must find a substitute for documentary evidence.

The onus now falls on the banker to get all this information and decide how much risk to take on a particular borrower. The procedures and forms have to be filled by the banker. Constant follow-up and extensive field work are absolutely necessary. This alone can ensure repayment and only then can banking be viable. The documentary evidence sought presently by the banks as security/collateral is only for ensuring repayment.

In the informal system of work the knowledge of the borrower and follow-

When banking with people in the informal system, it is very difficult to get such documentary evidence because they keep written transactions to a minimum. Hence the role of the banker changes. The banker has to do the field work himself/herself to know the exact worth of the borrower and to determine his/her creditworthiness.

up is the substitute for security. The banker and the borrower thus have to have a direct relationship of trust with each other in this system as compared to the system where a third agency providing documentary evidence becomes the locus of trust between the banker and the borrower. In the informal system of work the banker must know when the borrower is going to have

money and go to recover dues at that time.

Principles of Providing Credit to Poor Women

The following principles can be highlighted from the experiences of voluntary organisations in providing credit to poor women.

1. Organising the Women First of All before initiating any banking activities is most important. The situation of poor women in the informal system is exploitative because they are not organised as workers. Organising the women around common issues which they face enables them to come together, to gain strength from each other, to learn the ways of the formal institutions and to deal with the exploitation they face in several forms. When credit and banking facilities have been initiated with an organised group of women, they have been effective.

2. Build a Relationship of Mutual Trust and acceptance with the women. Constant ongoing work with the women and a genuine effort to strengthen their situation, is the basis for building a relationship of trust. Constant contact with the women, their problems, their struggles, their lives, helps to understand the reality of the women and helps the women to understand each other as well as the organisers. It releases their own creative energy and contributes to designing developmental activities which are acceptable to them.

3. Develop Systems which Do Not Make Illiteracy of the Women a Handicap whether it is photographs for identification or field visits to substitute for documentation or verbal information to be transferred to written formats by literate people. The onus of meeting the demands of the formal system (written transactions) is taken over by the organisers and the functionaries of the voluntary organisation.

4. Understand the Multiple Occupa-

tions and Multiple Roles of Poor Women. It is very important to know the various economic activities which the women are engaged in, the kind of problems they face in these activities, the nature of exploitation, the incomes they can earn and the way they combine their various roles to maximise on income. An involvement with the overall life of the women and their needs, helps to coordinate different developmental activities with them. A realistic assessment of their credit needs and capacity to repay is possible only from this knowledge.

5. Understand the Informal System of Work in which these women are engaged. The subsistence - commercial continuum of livelihood systems, the combined need for consumption - productive loans, and the changing priorities of the women as their day-to-day life situation changes have to be understood. Also understand the various work and social relationships of the women.

6. Understand the Handling of Small Amounts of Money. The credit needs of poor women are small in size. But the number of women needing such credit facilities is very large. Hence, detailed systems are important for recording all banking transactions and ensuring safety of the money. Considerable paper work is involved. Each woman's trust is sustained when all her money transactions with the organisation are meticulously updated and are accurately maintained.

7. Encourage Savings of the Women as a Source of Funds for the Credit Programme. Women have a strong need to save and they need a safe place to keep their savings. Their individual savings are small so it is important to again develop detailed systems of ensuring safety of their individual small amounts of money, accuracy of transactions, and updating of records. Collectively their small savings can add

up to a considerable amount of money. Their savings help them to develop a stake in the smooth running of the credit programme, because their own money is involved.

8. A Holistic Approach to the Problems of Women, Not Merely Credit. Credit alone has little impact on the economic status of poor women. A holistic approach incorporating struggle for the fair implementation of various legislations in their support, vocational skills training, access to raw materials, markets, space to work, legal aid, health and childcare, maternity protection and social security, communications skills, insurance, housing, are some of the elements that go hand-in-hand with the availability of credit.

The situation and problems of poor women determine the immediate priority as well as the mix of support systems that are needed. This kind of holistic approach facilitates the effective utilisation of credit and also of high recovery rates. The economic status of women as well as the collective strength of the women improves.

9. Flexibility and Timeliness of Responses to the needs for the women, services provided at the doorstep of the members, quick decisions to sanction loans, close personal follow-up are all reflected in the flexibility of systems to adapt to the needs of poor women.

10. A Participatory Structure which provides women with effective access to decision-making in the functioning of the credit mechanism evolved.

A Board of Directors from the members is important and a structure which allows illiterate and literate women to help each other is encouraged. Involve the women themselves in deciding rates of interest for loans, terms of repayment, systems for maintaining records, decisions to share the surplus generated from the activity, other facilities to be created for the

women, and the ongoing work of the organisation.

11. Build a Cadre of Dedicated Organisers and Workers who are able to involve themselves in the lives of poor women as partners in progress. This is a crucial link, without which it is difficult to make all the above mentioned aspects a reality.

Credit as One Input in the Process of Change

Credit can only be effective when it is understood as one aspect of an integrated set of support services to strengthen poor women's economic activities. When money is being given as a loan, the prime concern is that it be repaid.

To ensure a high rate of repayment of loans extended to poor women, demands an overall involvement with their lives. If the money available as loans leads to increased sustained income, then the person can repay the loan. Otherwise it is very difficult to repay loans. Even the rich people cannot repay loans if sustained incomes are not possible.

Credit to poor women has to be seen as a process of enabling them to stabilise their livelihood system - be it income in cash and/or kind through one or more activities. The interventions needed to strengthen poor women's economic activities have been described in Part I of this paper.

All these interventions are also an integral part of ensuring an effective credit mechanism for poor women.

Money alone is not enough to enable poor women to influence their incomes favourably in an economic environment which is loaded against them. Money as part of an integrated process of building collective strength is very very critical in strengthening poor women's economic activities. □



75th International Co-operative Day

(Saturday, 5 July, 1997)

Message from the International Co-operative Alliance

THE CO-OPERATIVE CONTRIBUTION TO WORLD FOOD SECURITY

According to the UN's Food and Agricultural Organisation (FAO), ensuring food security, the basic right of people to the food they need, is perhaps the greatest challenge facing the world community. The challenge is most critical in low income, food-deficient countries. The vast majority of the world's poor live in rural areas and are directly dependent on agriculture for employment and income. The most disadvantaged of all are women, stresses the FAO, the 'silent majority' of the world's poor. Rural women produce up to 80% of food in developing countries. Yet studies indicate that they have title only to a fraction of farmland and access to just 10% of credit and 5% of extension advice. In recent years the situation has deteriorated.

In future years, much of the responsibility for meeting the nutritional needs of a growing population will fall upon farmers and their organisations, including co-operatives. Today, the force of agricultural co-operatives is already significant. They are responsible for nearly one-third of total agricultural production with an estimated value of US\$522 billion. They are key actors in many national economies providing large percentages of domestic food products, but are equally important as food exporters. They will increasingly be called upon to provide higher yields while respecting the environment and consumer food safety concerns.

However, agricultural co-operatives are not the only co-operatives which contribute to food security. The multi-sectoral character of the Movement provides contributions to all aspects of improving food production and access. For example, fishery co-operatives provide important sources of protein; consumer co-operatives make food available in urban and rural areas - food that is safe, high quality and reasonably priced to ensure access by a majority of the population; the financial co-operatives (banks, credit unions, savings and credit and insurance co-operatives) are key actors providing invaluable services to the agricultural and consumer sectors to ensure production and distribution of food.

A common factor between them is that co-operatives help their members help themselves as jointly-owned, democratically controlled enterprises. Co-operatives provide income and employment and contribute to the development of communities.

Food availability is also linked to sustainable development as a whole. The Co-operative Movement has shown its concern to the sustainable development and environment issue for decades and has more recently taken action at a global level in support of recent UN initiatives, such as the 1992 Environment Conference and the ensuing UN Agenda 21.

In the five years since the Rio Conference on Environment and Sustainable Development, the ICA adopted a resolution on environment and sustainable development in 1992, followed by a universal declaration on the commitment of the Co-operative Movement. The movement's own blueprint for achieving sustainable development, Co-operative Agenda 21, was adopted at ICA's centennial meetings in 1995. Co-operative Agenda 21 outlines actions promoting sustainable development, noting that co-operatives, as people's organisations, are ideally placed to implement activities dealing with the protection of the environment as well as with sustainable development questions. In the co-operative Agenda 21 document, specific commitments are expressed by the different economic actors. Agricultural co-operatives have pledged to promote sustainable agriculture by promoting the conservation of plant and animal genetic resources, and land and water resources. Environmentally viable, socially supportive and economically sound objectives for other sectors in the Co-operative Movement were also defined for the consumer co-operatives, housing, financial, tourism, worker and energy sectors.

However, improving food security and achieving sustainable development must be part of a global process involving political and financial initiatives. It requires technical and educational actions and must be integrated into operational, coherent and innovative strategies. Partnerships between people's organizations, other elements of the civil society and governments will be needed if we are to address these challenges.

The ICA calls on its members to work with other organizations and national governments to address the challenge of providing food security to the world's growing population. It calls on co-operatives from the different economic sectors to implement the Co-operative Agenda 21, so as to provide a sustainable environment for future generations of co-operators to enjoy.

International Trade with the Consumer's Money

When trade policies are discussed nationally or internationally, people as consumers are largely forgotten. Despite their numbers, they do not carry the weight that producers and other lobbies command. Individually, consumers are seldom informed about how the availability, quality, price and choice of the hundreds of items which they buy in the shops each year are affected by trade policy decisions. If they know how much of their household budgets are determined by decisions to protect individual industries and for how little effect they might be shocked.

Equally, when it is debated publicly, the benefits that would fall to the consumer are usually ignored. This brief study is an attempt to put the consumer interest squarely in the public area.

How do Government Decisions on Trade affect the Consumer?

Virtually all protective policies mean higher prices for the consumer. And if it is not a consumer who pays, it will be the domestic producer. These are some of the main actions taken by national authorities.

Governments frequently and for the most part, legally raise revenue and protect domestic industries by imposing duties on imported products. If a product has a 25 per cent tariff, the price in the shop will normally be 25 per cent more than its price at the port or airport.

Global quotas and other numerical limits on imports are sometimes legal, sometimes not. Either way, the intention is to restrict access to the market in such a way that domestic producers of the same product can raise their prices without being forced out of business through lack of competitiveness. Quotas are frequently preferred by those demanding protection because

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the impact on prices is less obvious than with a tariff. Once again, prices go up in the shops and limits may be so narrow that goods disappear from the shelves altogether.

Voluntary export restraints are quotas of an even more costly kind for the importing country. They allow foreign suppliers to charge higher prices than would be possible under a tariff or normal quota. By 'bribing' the exporter this way, opposition to the protection is reduced.

Subsidies are sometimes paid to domestic producers to help them compete with import competition by keeping their costs artificially low. This keeps prices down. Unfortunately, the consumer as a tax payer ends up paying for the subsidy. In so doing, he is prevented from keeping more of his income to spend on other goods which

Dr. M. Lakshmi Narasaiah

may be produced by more efficient industries. One thing is sure once industries get used to subsidies, it is very hard to wean them away.

Rules permit governments to impose extra duties on imports where products are shown to be dumped (sold below the normal price in the exporting country) or subsidised, and where the effect of dumping or subsidisation is demonstrated to damage the corresponding domestic industry. While these duties may be justified, they nevertheless always serve to raise the price for consumers to knock products completely out of the market. Yet very few, if any, countries give much weight to consumer interest when deciding whether to impose such penal duties. And their use has grown disturbingly in recent years.

Governments usually impose standards of safety, quality, public health and environmental protection for good reasons often in the interests of consumers. Sometimes, however, the standards and procedures which enforce them are



Consumer Co-operative Store near Beijing, China - A protected market



Packaging in a Co-op Store, Thailand - A haven for multinationals.

no more than hidden protection for domestic producers. In imposing unnecessary measures on imports, governments penalise consumers through higher prices and the non-availability of goods.

Protection tends to be loaded towards the products which are essentials for any family. Consequently, since the essentials command the biggest proportion of the household budgets of poor families, protection acts as a regressive tax.

Clothing is a good example. The multifibre arrangement acts on low-cost products, raising prices and restricting availability, meanwhile up-market goods are seldom affected. Moreover, for the poor consumer, the effect is further exaggerated. Foreign producers will tend to export higher quality end, therefore, more expensive goods, in order to maximise their profits from the quota. This quality upgrading effect not only reduces disproportionately the supply of lower-priced clothing, but may also affect the supply of children's clothing.

Consumers have enjoyed an enormous growth in the range and quality of products in their shops as a result of the multi-lateral trading system. Many fruit and vegetables are available even out of seasons through the year. Exotic foods, never seen just ten or

twenty years ago, are now commonly found on supermarket shelves. Cut flowers are being transported fresh by cargo plans daily from one country to the other. The range and sophistication of domestic electronic products would have been unimaginable had their development not been spurred by the availability of a global market.

Household Costs are not the only Consumer Cost which go up

Many industries are also consumers of imported goods. Manufacturers can depend on cheaper and better products from overseas in order to maintain their own competitiveness in their domestic market and, especially, in their export markets.

The best example is steel. Many companies require speciality steel or basic steel products at the lowest possible prices. Unfortunately, because of export restraints, formal quotas, anti-dumping and countervailing duties and high tariffs, some times, they can not even find the precise type or quality of

"Voluntary export restraints are quotas of an even more costly kind for the importing country. They allow foreign suppliers to charge higher prices than would be possible under a tariff or normal quota. By 'bribing' the exporter this way, opposition to the protection is reduced."

steel they need. They are, therefore, put at a huge competitive disadvantage.

Semiconductors and other electronic components are also subject to this self-defeating form of protection. Just as the price of steel puts up the price of automobiles, so high tariffs, anti-dumping duties and quotas on

electronic components puts up the prices of video recorders, personal computers and other advanced consumer electronic products. Meanwhile, foreign competitors continue to buy their semi-conductor inputs at world market prices.

But is One of the prices a Lowering of Public Health and Safety Standards?

It has been suggested that some measures to ensure safe goods for consumers and to prevent the spread of pests or diseases among animals and plants do not amount to unjustified barriers to trade.

The first point is that if there is some justification for them, these measures, even if they restrict trade, are completely permissible. The main objective is to make them transparent, to discourage arbitrary decision-making and discrimination and to minimise any restriction on trade.

The second point is that would encourage governments to establish measures consistent with international standards and guidelines. This is important because it could mean a general raising of standards: in many areas even advanced industrial countries do not meet international standards on food safety.

Third, the governments has to impose more stringent standards than those agreed internationally. The only condition is that a government so doing might, if challenged, be required to show scientific evidence or some kind of risk assessment to support the measure.

It should also be noted that with the reduction of agricultural subsidies which encourage unlimited production (those supporting farmers' income directly will still be permitted) consumers should see more products produced by less chemical intensive farming methods in the shops

Development of Consumer Co-operatives in Vietnam

Upali Herath

01. An Overview of the Emerging Consumer Society

The emergence of a consumer society in Vietnam has started after 1986 when 'Doi Moi' policy was introduced. It was a turning point from a controlled consumer behaviour to a unprecedented new way of life as passive consumers for a long time going ahead with absorbing Western fads and styles. This sudden change has a historical logic which goes back to liberation of the country from colonial regimes and the transition from a feudal system to a socialist system. Consumerism in the capitalist sense was unknown during this period which suffered from food scarcities, wars and a closed socio economic system.

Household economy was the most known phenomenon. The debate on the household economy vs. collective economy ended up accepting that household economy is a secondary economy of the farmers thus establishing the existence of individualism in the society. The consumer interests and the identity of households as firms too have been established.

'Doi Moi' approach to economic development has been pursued cautiously during formative years. Property rights have been transferred to families and individuals through a gradual process. Transformation of the economic and social policies from a centrally planned socialist system to a market oriented economy is still continuing with debates among the investors as to which level of investments

to make. Some prefer slow and steady transition while others are in a hurry. However, we may have to evaluate the effects of the transition in terms of the impact on the civil society. The impact

(Many mixed economies and socialist economies in Asia have adopted a path of transition to an open market system during the current decade. The transition has caused varying difficulties to the civil society, specially the institutions such as collectives and co-operatives.

The paper, which has been presented at meeting of government and co-operative policy makers held in Ho Chi Minh city recently, discusses the case of Vietnam as one of the economies in transition and its influence on co-ops. The paper deals with the main features of the emerging consumer society and future conditions for the development of consumer co-operatives quoting from the experiences elsewhere.

-Editor)

on the family income, their purchasing power, changing consumer behaviour as well as demand and supply of consumer goods and services are some of the indicators that can be used.

In the first place, the situation in regard to general socio economic development would provide a basis for evaluation. The analysts from the ADB and the World Bank present a positive picture of economic growth in Vietnam during last five years. The rate of growth has been considered satisfactory in a given situation of economic sanctions, scarcity of capital and technology and natural calamities.

The GDP growth rate has increased from 8.1% in 1993 to 9.5% in 1995 with an estimate of 9.9% in 1997. Domestic savings increased from 14.8% in 1993 to 19.1% in 1995. Inflation has come down from 14.4% in 1994 to 12.7% in 1995. According to UNCTAD figures, all merchandise trade has in-

creased from US\$ 2155 ml in 1987 to US\$ 3414 ml. in 1993. The exports have increased from US\$3.5 bl. in 1993 to US\$ 7.1 bl in 1995.

The open economic policies have resulted in the increase of employment from 23.7% in 1993 to 24.5% in 1995. The annual agricultural growth is about 4.5% and industrial output has grown by 14.6%. Service sector growth has been 11% per annum.

However, Vietnam's entrance to ASEAN group has been considered with complex sentiments. Some fear about a possible competition with other partner countries due to tariff reduction and eventual free trading.

In the meantime, the state continues to hold natural monopolies but some are in the process of commercialisation. Joint ventures with foreign investors are sought in many heavy industries which are basically state enterprises.

Financial sector has been allowed to go into private banking- mainly with foreign banks. This has been inevitable for generation of capital for entrepreneurial activities.

Tax collection has not been able to achieve systematic functioning, thus losing major income. The policy reforms on taxation has taken place some years back. Mechanisms are to be evolved to reach all enterprises still. The state has replaced collectives and cooperatives in maintaining and developing infrastructure facilities and social services using revenue from state enterprises with tax levies and foreign assistance. The price structure of many



A Saigon Co-operative Shop : Booming consumer industry

commodities has changed drastically allowing interplay of market forces. Earlier the prices of many essential consumer goods have been fixed. With the withdrawal of controls, household income of many farming families increased due to their ability to sell their products in the competitive market. Per capita income grew from US\$ 170 in 1993 to US\$ 215 in 1994 which has an increasing trend annually. In spite of its low incomes, Vietnam maintains a higher ranking in Human Development index (0.523 in 1993) with a ranking of 121 out of 174 countries and has become one of the highest in that income category.

In comparison to East European and CIS countries, the social cost of reforms of Vietnam has been low. Although nearly 900,000 workers have been laid off due to the closure or privatization of state enterprises and imposed cost reductions, unemployment continues to be comparatively low.

The impact of the entrance of the foreign investors has been felt mostly by female workers who could not balance their family responsibilities with the new technological skills that are needed. On the other hand, foreign investors prefer males in their regular employment. As a result, unemployment among female workers is increas-

ing. The absorption of female workers in the unskilled service sector has not been able to offset the trend. The economic reforms and liberalization has resulted in growing consumer market. During early years' cross border trade with China and Thailand which has been illegal but went unnoticed, ultimately developed into a formalized and legal economic activity. With the opening of trade with China through an open route, the international trade has been booming.

Household equipment and utensils as well as luxury goods have entered into practically every city and changed the consumer behaviour as well as their taste. However, a formal domestic trading network has not been established which should have a functional system with wholesale markets, local distribution network and retailers. At least in the case of essential food commodities, wholesalers depend on village fairs, and small time agents and ever changing micro industries.

With the collapse of agricultural cooperatives and credit cooperatives, combining with declining trends in supply and marketing cooperatives, village fairs, street markets and urban wholesale markets ventured into supplying merchandise needed by retailers. Retail industry itself is not devel-

oped. Prices have been arbitrary and without much controls through proper market information or fair competition.

Absence of a stock market in Vietnam indicates the fundamental stage of growth of private enterprises. Company monopolies or oligopolies have not yet been developed and this has helped to retain the family businesses without a threat. Co-operatives too could enjoy the advantage of such a situation as the capital accumulation and mergers are a far cry in the market.

Corporate investors in consumer industry are still few in numbers. Retailers comparatively are satisfied with a small turnover and overtrading is common in the absence of management skill for business management. Family controlled businesses are majority in number still and many are not registered. They are basically convenient stores. Department stores and specialized shops are confined to the cities. However, the situation is changing rapidly with the change of consumer behaviour.

With the exposure to the media and advertising, the consumer taste is changing rapidly. Imported goods, food items and cosmetics as well as household equipment are new attractions. Demand for motorised transport means is ever increasing. These new interests are mainly catered to by private retailers which is a contrast from many changing economies. Many state enterprises and cooperatives are not responsive to new life styles.

Retail technology maintained by consumer enterprises is still traditional which basically employ counter sales. Sales promotion strategies are still absent. Shops are centrally managed being private owned and without professional sales staff. The aspects of customer demand related information and proper accounting are still to be developed. Commodity specialization is still not common.

02. Relevance of Consumer Co-operatives in the Open Economy

Vietnam before 'Doi Moi' approach, has been built up on the collectives, co-operatives and state enterprises. Social welfare and human resource development functions too have been looked after by these enterprises through the surplus they have accrued. When the parallel household economy was emerging, they rendered the same service even with the transition to individual enterprises by property transfers. Therefore, at least for some time there was no break down of community services although private enterprises did not participate in the task. Collapse of agricultural co-operatives created a vacuum which had to be taken over by the local government bodies after some time.

The relevance of co-operatives in transitional economies have been justified to the extent that they supported the essential services to the community during the transfer not only from socialist economies to open economies but also from feudal economies to socialist economies. They are essentially people based organizations although keeping the individual entrepreneurship as the foundation for economic activity. Many scholars maintain the relevance in terms of balancing the market forces through interventions by the users of services through co-operatives. These common reasons are equally applicable to Vietnamese situation too.

Vietnam had a unique situation by having collectives and cooperatives co existing with each other and also the self help groups. As the transition was gradual, supply and marketing co-operatives which carried out consumer activities survived to an extent and in the case of provincial unions, the emerging economy was an opportunity more than a threat. They diversified their activities to processing and other service industries through joint ven-

tures with foreign partners and even engaged in import and export activities. At least they functioned with former membership thus safeguarding the economic interests of a considerable section of the less affluent community. These co-operatives still have a relevance in the turbulent consumer market in Vietnam.

The market prevailing at present has not stabilised into a disciplined consumer industry and experiences distortions. Unorganized private enterprises concentrating in the cities have different functioning with unsystematic price structure in the absence of a proper management approach to business. In such a situation, consumer cooperatives provide a better alternative for consumer protection so that they would receive a better dealing in the market. The cooperatives ensure

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lower prices, assortment based on consumer demand, proximity to households and even rebates on participation.

Eventually, consumer cooperatives help strengthening competition. This will support efficiency gains from the market. As the co-operatives believe in entrepreneurship with a human face, the primary interest will be the people but not the capital.

Another justification is the contribution made by co-operatives for sustainable human development through

ecological concerns and fair trading. Green consumerism is widely practiced by co-operatives in developed countries. Therefore this alternative trade would provide checks and balances in the competitive market and discipline the competitors while serving the community.

03. Co-operatives Need a Level Playing Field

In a transitional economy, specially where the policy directions are unclear and confusing on one hand and imprisoned individual entrepreneurship supported by external capital is escaping without sense of directions by themselves on the other hand, the co-operatives which are emerging as infants would experience an unforeseen struggle for their survival.

This is applicable not only to co-operatives but also to other small and medium scale enterprises. Distortions of the market competition and unethical behaviour are common in such a situation. Therefore it is necessary to establish mechanisms and even institutionalized arrangements by the state to oversee the competition trends in the market with a view to eliminate the obstacles faced by small and medium scale enterprises including co-operatives, thus preventing the acquisitions and dominance through unwarranted capital power.

Co-operative sector in the developing countries who pursue economic reforms with the aim of an open market system, has experienced tremendous pressure from the governments to serve as a buffer for any eventualities that may occur during the transitional period. They are still made to serve as an extended arm of the government to maintain food security and support poverty alleviation programmes as a part of structural adjustment. Given low margins without bargaining, they hardly function at par with private enterprises emerging through liberalization.

The underlying fact is that many governments feel insecure to let co-operatives go in their own way for their survival or death. Therefore it is relevant to discuss preconditions for existence of co-operatives irrespective of any type.

Depending on the economic philosophy and approaches of the government, each country has adopted its own strategy for economic reforms aiming at market orientation.

Deregulation, privatization and policy changes in the areas of trade and investments are common features in this direction. Even in the case of privatisation different governments have adopted different approaches. Some have gone through commercialization or corporatisation of public enterprises and offering certain areas to private sector in natural monopolies whereas others have divested even natural monopolies from the government. India preferred workers co-operatives to private sector to transfer state enterprises, whereas Sri Lanka went ahead with selling state enterprises through open bidding.

In Vietnam, where fundamentality of the individuals had to be established, property rights have to be transferred to individuals first while some of the state enterprises are still with the government. Privatization of these enterprises and natural monopolies will take longer time than other countries. In this case; price control, tariff reform and devaluation have taken place in an accelerated pace, whereas public enterprise reform has been gradual and still continuing.

The question is whether the state will prefer workers co-operatives to private sector. However, many properties of former cooperatives which have collapsed have been divested and sold to private sector which has become a disincentive for the existing and emerging co-operatives to compete with the private enterprises. As a re-

sult, assets which have been used for consolidating and integrating co-operatives horizontally and vertically have been lost. Therefore, in order to strengthen the competitive position of the co-operatives, these assets have to be retained in the co-operative sector itself.

It is also important to formulate competition laws covering major areas of business and enterprises involved with the aim of achieving fair competition. Company laws were the first to come covering these enterprises. A competition laws are yet to be formulated. The co-operative legislation came into force in 1996. During the interim period, the private enterprises have taken root and established themselves in the market, whereas co-operatives did not have a legal identity and clear identity based on co-operative values and principles. This has led to either transferring the corporate power from earlier nominated leaders to a new set of entrepreneurs or give way to emerging pseudo co-operatives in different trades.

Producers and handicraft co-operatives are the most affected co-operative ventures. These pseudo co-operatives function as private companies in every sense except the name co-operative. It will be a long process to set up mechanisms to scrutinize these enterprises and take decisions.

Structurally, level playing field is created by legislations affecting different forms of enterprises. Some of these legislations may be discriminatory in order to safeguard the weaker sections of micro enterprises involving lower segments of the community although there tend to be criticism on such a stand by the state.

It will be worthwhile

undertaking a comparative analysis of company legislation and co-operative legislation from the point of the market freedom.

As it is, some of the provisions of the legislation (e.g. Articles 11, 50, 51, and 52) are wider in focus. Therefore, once the guide on the implementation of the law as per Article No. 56 is prepared, only we would be able to know the extent to which the state and other authorities would intervene in cooperatives.

Efficiency and sustainability are some of the key factors of competition. Therefore, one of the primary aims is to achieve profitability sufficient enough for them to sustain their services in accordance with cooperative values and principles. While private enterprises which emerged after 'Doi Moi' policy had free hand in the market without much competition due to decline of the turnover of consumer co-operatives to 2% of the market share and the weak family businesses, they were unaffected by the community services.

Some of the cooperatives continued to bear the burden with local government authorities. If this situation is not removed once and for all, the impact will be disastrous for cooperatives. Therefore, alternative funding arrangements need to be established for community services through taxation and



Village Co-op Store in Vietnam - Can it survive?

other sources. The seventh co-operative principle only applies to serving the community from the surpluses on the decisions made by them for common purposes.

In a future uneven competitive situation, the co-operatives will essentially be benefitted by anti monopoly laws and fair trading laws as in the case of Australia, Sri Lanka and Republic of Korea.

Consumer co-operatives normally function in a media controlled market environment. Unethical and distorted advertising by private sector affect not only the consumer, but also consumers organizations such as co-operatives.

In order to offset this development, the government requires not only laws on consumer protection, but also commitment to promote sustainable pattern of consumption. This has been endorsed by the Agenda 21 of the United Nations. It states that the main cause of continuing deterioration of the global environment is the unsustainable consumption and production. Uncontrolled market influences by media support companies would negate the efforts made by co-operatives to contribute towards sustainable consumption. Consumer education by co-operatives would not only re defines consumer needs in terms of sustainability but also support the tasks of the governments. At least the mechanisms have to be created for setting quality controls for consumer products and if possible, for eco-labelling.

One of the problems arising out of free market economy and threatening the co-operatives as in the case of Thailand is the monopolies created by cartels and transnational companies. As an example, MAKRO cartel impose conditional sales and onerous contract terms to its so called members who are distribution agents. They hold decision making power on demand and supply of commodities as well as price struc-

tures. They also could create artificial demand for products.

Competition laws should pay attention to dominance in market power by many external elements and pave way for free play of market forces. Although Vietnam is not yet affected by such problems, it is the ultimate reality one could expect in time to come. Right now, one could easily see a war going on among multinational beverage companies. It is not merely a media war, but a more deep rooted international competition among multinationals.

Although there had been many controversies over the subsidies and privileges provided to state enterprises, these will check prices, restrictive business practices and would support co-operatives who would become natural agents for distribution of their products until such time competition laws are in place and market forces are evenly established. This will also ease out the scarcity of the capital faced by co-operatives. Subsidies and incentives as well as protectionism are still used by developed countries for food security and preservation of vital industries.

Tax collection mechanisms should be equally imposed on all enterprises irrespective of cooperatives, private companies or public enterprises. Such is the ideal. However, dichotomy is that co-operatives observe uncompromised business ethics and transparency in their business transactions and accounting, while private enterprises many a times defect on this. This issue has been under debate in many newly opened economies. Many countries in the Region have understood the difference and provided compensatory arrangement in the taxes through exemptions and other incentives to co-operatives. Considering the shareholders as lower income groups, such an action is justifiable. Even in the field of income distribution, there is a growing gap between poor and rich in open economies.

Intervention in artificial price fluctuations is another task for the government to maintain a market equilibrium. Establishment of anti monopoly authorities or regulatory bodies would not only help consumers, but also co-operatives.

Labour legislation is another area which requires attention. The current co-operative legislation does not provide for separate rules for labour management in the co-operative sector except in the case of chief executive and the accountant, hence it is implied that common labour legislation is applicable. The experience elsewhere has shown that labour disputes are always costlier and cause delays. In some countries, separate cooperative labour legislations are visible and made simple to exercise. However, it is premature to comment upon the labour management as the experience in Vietnam is still to see.

04. Which kind of Consumer Co-operatives?

Consumer co-operatives belong to the service sector. With the liberalization policies of the government, service sector is expanding and the share of employment too is increasing. Therefore, it is appropriate to consider the type of services that could be considered by co-operatives and also the alliances they may build up in the process. The services that could be rendered range from so called 'natural monopolies' to 'open enterprises' in terms of control. Telecommunication, electricity supply and health services are natural monopolies of the state in many countries. The consideration has been that it would be very difficult to make them open to competitive trade and also risky to have any break down in the services. In certain countries, they are either commercialized or corporatised in distribution areas. Co-operatives too are functioning in the distribution of these services. Energy co-operatives, telecommunication coop-

eratives and health cooperatives are some of the examples. While the state maintaining and developing the infrastructure, and electricity generation, cooperatives undertake the distribution.

In many countries, transport cooperatives are competing with the private and state sectors. In this process, cost efficiency is achieved and consumer gets a better deal. However, regulation of public utilities by the state is understandable and necessary to protect consumers in terms of prices, security, quality of services and efficiency. Some times, subsidies are attached to these services as in the case of health, education, and transport services, but this should not attach any conditions in terms of business. These co-operatives not only help consumers, but also technical and service personnel for gainful employment.

In the open service enterprises sector, the co-operatives play a vital role in maintaining low cost operations of the household. In order to achieve this, diversification of small retail business is necessary with modernized shops. Concept of a retailer in modern times is perceived as a customer responsive oriented and a demand based person.

The consumer co-operatives should not be made to support to maintain a distribution system for products of MNCs and TNCs, but to support domestic small and medium scale manufacturers of similar products. This is an ethical issue rather than a issue of turnover and profits.

The co-operatives maintain its own value system and strategic alliances. By maintaining such a stand, consumer co-operatives would not only support majority of small scale entrepreneurs but also a fair market competition. It will also promote manufacturers and suppliers of ecologically friendly products and healthy commodity production. Such a principle also contributes to prevent MNCs and TNCs from



Workers of private export company at work on wood products in Hanoi - An emerging new enterprise

adopting monopolistic and oligopolistic strategies to dominate the local consumer market through setting up of common enterprises and joint ventures to share the market.

The business policy of consumer co-operatives should aim at maximising economic benefits to the user members and sustainability at their own levels in which they are an integral part.

The focus of the consumer cooperatives are human beings which means that they scrutinize their business activities and merchandise on the basis of sustainability of better lives. Promotion of eco-friendly products and fair trading activities are such examples. Responses to economic and social justice as an example of seventh co-operative principle illustrates this vision.

Horizontal and vertical strategic alliances play a very important role for consumer co-operatives in their struggle for survival. If they have adopted alliance strategies as soon as the market economy was on the move, many supply and marketing co-operatives would have survived. Alliances have been a common strategy among many private companies for their survival and growth. This strategy would lead companies or co-operatives to competitive advantages in the market place.

It will increase market share, volume of trade and productivity.

By virtue of the principle of co-operation among co-operatives this is a more appropriate strategy for co-operatives to follow. Alliances need to be considered with producers co-operatives, agricultural co-operatives and handicraft co-operatives which are interdependent in making goods and services available for farmers, workers and artisans. Stake holders in these enterprises who depend on them for survival could work together in a business alliance based on common values and principles.

05. Consumer Co-operatives of the Future

Considering the policy declarations of the government in relation to economic reforms, we could expect more influx of consumer goods from neighbouring countries, specially from China and Thailand, which would form the assortment of family shops and co-operatives. One cannot expect oligopolies yet in the absence of multinationals and transnationals engaged in wholesaling and retailing. This situation would benefit co-operatives, if they take hold of the opportunity to consolidate themselves into a vertical structure aimed at importing and wholesaling of consumer goods.

Co-operatives will not need patronage by the state in form of capitalization or management as discussed at many levels, but a level playing field vis a vis foreign investors, and joint venture with private sector companies is important.

Raising capital for higher business volume will continue to be a problem. Since the credit co-operatives have collapsed, the co-operatives were dependent on state banks more than their members for working capital. Therefore, new generation of co-operatives may need to evolve a strategy to raise capital through shares, deposits, and partnerships without compromising in their corporate governance. Partnership with producers and manufacturers in business has been practised by many co-operatives in the world.

The increasing gap between poor and the rich will be an issue for consumer co-operatives in the future. At a time when the consumers no longer depend on state distribution system and monopolies, the affluent who have more purchasing power would need different kinds of consumer commodities vis-a-vis low income groups except basic food items.

The question may arise whether the co-operatives should cater to rich or poor. They may need to consider the target groups who will be attracted to the ideals of co-operatives than the economic considerations.

In order to strengthen the position in the consumer market, franchise system will be one of the potential alternatives. Dividends have been paid for such bold steps in consumer co-operatives in Hue already. Vietnam has an advantage of promoting family businesses and household economy during the transition period, which is a good potential for partnerships with co-operatives. Tonga and Singapore have practised this strategy for gaining upper hand in the wholesale market for some time.

Reducing marketing costs and other overheads will be one more strategy for gaining competitiveness. Consumer co-operatives could work with the farmers organizations and micro entrepreneurs in the lines of what has been propagated as 'prosumer society' (Tofler) to get their supplies more than unpredictable market sources. Combined with supplies from state industries, which are becoming competitive with the private sector after commercialization, co-operatives will be able to reduce the costs by eliminating the intermediaries. This contract system is practised in Japan, Sweden, and many other countries. Even in former Czechoslovakia, customers were involved in the commodity specifications from the suppliers for consumer co-operatives who were normally agricultural co-operatives and small industrial cooperatives.

Dependence on the open consumer market has landed consumer cooperatives in to serious difficulties in many countries in the Region such as Thailand and Malaysia. There are many such cases in Europe, USA and Scandinavia too. Co-operatives are essentially user based and member controlled which help them to survive with small margins. Therefore, emerging consumer co-operative sector in Vietnam may need to have strong affiliation to member users and driven by their needs and interests.

The consumer co-operatives will have at least have freedom to take decisions on operating the business legally under new legislation. It is a progressive legislation to the extent that there are no restrictive provisions for business decision making and compared to be more improved than some of the ex-British colonies. The co-operatives in Vietnam will be able to maximise on the legal status and business freedom unless any controlling procedures are imposed by state administration in form of guidelines or procedures. However, the spirit of the

legislation will be the key for such impositions.

Viability factor will be an important factor for a decision on the size of consumer co-operatives. With the limited purchasing power of rural consumers, entering into practices which cannot generate sufficient surpluses for employing professional managers will affect such co-operatives.

The consumer co-operatives, at least at the beginning, may have difficulties in their procurement at competitive prices in the absence of importing and wholesaling companies of their own. They need to replace supplies with suppliers from village markets and provincial level produce markets in addition to state and co-operative producers. Few large consumer co-operatives such as Saigon co-operative could federate into wholesale organizations in addition to retailing. Joint buying operations have comparative advantages over single buyers system. A network like this will be able to undertake central ware housing, processing and packaging based on the needs of the co-operatives.

Price stabilization, income distribution and poverty alleviation have been the underlying spirit behind the co-operative legislation. These are the indirect results or benefits that can be gained from the co-operative system, but should not be the main criteria for establishing consumer co-operatives. Such moves have resulted in the decline of co-operatives in some countries. The efforts have ended up in state control over co-operatives even in their business decision making. In a market economy, such co-operatives will not survive when the state intervention is withdrawn.

In regard to the institution building for consumer co-operatives, the structure has to evolve itself with the formation of primary co-operatives and horizontal alliances and joint buying operations. This has to be supported by

promotional agencies through awareness raising on emerging consumer issues such as prices, inferior quality products being marketed through unethical advertising etc. The user will decide the form of co-operative to be formed and its business policy and practices. The groups need to be homogeneous enough to work together having same interests. Gender equality and women's participation will promote stable consumer co-operative organizations.

Considering the number and the size of the target population, Vietnam has a potential for university, college and school consumer co-operatives. These co-operatives are also important in the sense of developing active co-operative members, leaders and staff for the future. By the time they enter into the community, they would have practised self management and self help activities.

There is a challenge faced by even existing consumer co-operatives for developing their work force and the committee members on the aspects of management and retail industry. Training facilities at present are inadequate to meet the requirements. Therefore it is important to develop training components at least in larger consumer co-operatives to manage on the job training. A set of trainers has to be trained from the existing managers so that they could ultimately become a permanent training staff.

Establishment of a progressive personnel policy and a career development system for the employees will strengthened the staff and serve as incentives for joining the co-operative sector. The members of consumer cooperatives should be enlightened on the current issues and engage in active economic participation in decision making. Dependence on outside clientele and government support would not only undermine the practice of co-operation, but also face the risk of failure in the open market place. Saxena and Craig have

Consumer Co-operatives, market share and management style

<i>Performance since 1960</i>	<i>Co-operative systems</i>	<i>Food market Share</i>	<i>Members Put in Significant Capital</i>	<i>Members involved in 70-80s to shape Services</i>
Failed	Netherlands	-%	no	no
	Belgium	-%	no	no
	France	-%	no	no
	Canada (Quebec)	-%	no	no
	(Ontario)	-%	yes	no
	USA (Berkley)	-%	no	yes
	(Wash. DC)	-%	no	no
Losing market share	Germany(Ag)	7.0%	no	no
	Great Britain	6.0%	no	no
	Canada (Western Pro.)	%	no	no
	Finland	37.0%	no	yes
	Austria	5.7%	no	yes
	Sweden	21.0%	yes	yes
Market share stable/increasing	Japan	1.4%	yes	yes
	Norway	25.0%	yes	n.a.
	Canada (Calgary)	35.0%	yes	yes
	(Atlantic)	%	yes	yes
	Germany (Dortmund)	14.2%	yes	yes
	Italy	2.7%	yes	yes
	Denmark	33.0%	yes	yes
	Swiss (Coop) (Migros)	12.0%	yes	yes

reviewed some successful and failed consumer organizations in different parts in the world using this criteria which shows a clear relationship between these factors. The results of the analysis is given as a table on this page.

This analysis provides valuable indicators for the survival of consumer cooperatives.

In the case of membership and clientele, women form a strong and sustainable group for economic participation as well as leadership due to the

fact that they are the stakeholders in consumer's consumption. They are also a more stable group in the sense that they are with the families.

The consumer co-operatives can adopt what is known as 'retail life cycle' combined with joint buying system. This is a growth from retail shop net work managed by neighbourhood members groups of consumer co-operatives which grow into a distribution system with chain stores which aim at bigger department stores run by pro-

Continued from page 30)

vincial and national level co-operative unions. Hyper markets are the future with growing purchasing power of the middle class. At a time of changing consumer demands for healthy and environment friendly products, storeless cooperatives such as Seikatsu Club in Japan are distant dreams, but worth pursuing at least for an exclusive clientele.

06. In Conclusion

For a transitional economy, to become market oriented, from centrally planned system many structural changes tend to be employed. In order to have a smooth transition and to set off the problems of scarcities to the poorer sectors of the community, consumer co-operatives play an important role. They maintain a food security activities and a fair distribution system to avoid break downs. They prevent hardships from the closure of state enterprises or mushrooming private enterprises with short life cycles. Level playing field for consumer co-operatives to function in an equal competition with other sectors is a pre condition for the survival for consumer co-operatives. Legal identity is one of such a condition. Off setting uneven competition require competition and anti monopoly legislation mechanisms. Transition has to be supported by regulatory measures and the hitherto undertaken community services to be supported by an efficient revenue mechanisms created through tax legislations.

The existing successful cooperatives would need consolidation and business alliances with the other co-operatives as well as supportive enterprises in the state and the private sector. The international community of co-operatives have to continue supporting the efforts through technology transfer for cooperative business and management and if possible through inter cooperative trade. □

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Non-Formal Education and Youth Leadership

(1-31 July, 1997)

Programme of the Course:

Principles and practices of non-formal education; community intervention strategies; social-psychology of adolescence; the integration of marginalised youth; curriculum development; vocational training; community service; recreation, youth movements; leadership skills - communication, planning, management, decision making.

Requirements for Admission :

Designed for young leaders, activities and officials in non-governmental and governmental organisations concerned with developing non-formal education programmes aimed at enhancing the skills and capabilities of young people.

Banking and Credit Institutions for Civil Society

(1-25 September, 1997)

Programme of the Course:

Development and underdevelopment; the role of banking institutions in the process of development; banking, savings and credit institutions; people's banks and civil society; savings and credit co-ops - organisation, management, finance; income generation; credit for the informal sector.

Requirements for Admission:

Designed for leading officials of banking and credit institutions actively engaged in the support of non-governmental organisations and income generating activities in rural and urban areas, and for leaders of non-governmental organisations seeking to develop credit and banking facilities for their members.

Research and Economic Planning for Trade Unions

(1-25 September, 1997)

Programme of the Course : Development and underdevelopment; the role of trade unions in national development; utilisation of economic planning in national development; role of trade unions in preparation of national economic plans; research and planning for collective bargaining; research tools and methodologies; organisation and implementation of research programmes.

Requirements for Admission : Designed for directors of trade union research and economic planning departments and for senior trade union officials responsible for these activities.

Trade Union Administration and Management

(17 Nov., - 17 Dec., 1997)

Programme of the Course : Development and underdevelopment; the role of trade unions in development; trade union organisation, administration, management and finance; planning activities, setting priorities, defining goals and objectives, designing a plan of action; human resource development; financial management and control, membership dues, fund raising, budgeting, cashflow; leadership skills - communication, decision making, organisation.

Requirements for Admission : Designed for suitably qualified trade union leaders and officials responsible for ensuring the efficient administration of trade union organisations.

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Corporate Governance and Management Control Systems

STATEMENT OF THE REGIONAL ASSEMBLY FOR EUROPE ON CORPORATE GOVERNANCE AND MANAGEMENT CONTROL SYSTEMS IN EUROPEAN CO-OPERATIVES

1. The review of Corporate Governance and Management Control Systems in European co-operatives has been one of the top priorities within the work of ICA Europe - all the more so as many co-operatives had experienced grave problems which have threatened to undermine the profile and identity of the whole co-operative movement.

References are made to the 1994 ICA Report on Corporate Governance and Management Control Systems in European Co-operatives; to the Code of Best Practice adopted by the British Consumer Co-operatives in 1995 and to the papers, presented on the Regional Assembly 1996 in Budapest. This documentation is available through ICA channels.

2. The Regional Assembly (RA) acknowledges the vital importance of good governance and management control systems for the future existence and well-being of the co-operative system, enabling members actively to participate in setting policies, making decisions and controlling results.

In this context it has to be recognised that the main objective of co-operatives today, as in the past, is to promote the common economic, social and cultural interests of their members - as it was underlined by the statement on the Co-operative Identity adopted on the ICA Congress in Manchester, October 1995. An efficient business operation is therefore an absolute must to reach the targets for member promotion.

3. Ready-made solutions to improve corporate governance and management control systems are not available. The RA recommends that the individual societies and their Boards carefully consider their own situation related to broad guidelines and, if necessary, draw up and implement the necessary measures. Changes can only be made locally.

4. The RA underlines the decisive role of the elected members in the Governing Bodies, especially in the Boards, within the democratic structure of co-operative societies.

* An open and easily understandable election procedure is required and contested elections are desirable, and should be encouraged.

* The elected members should be made fully aware of their duties and responsibilities, which require their involvement, the need for appropriate qualifications, and regular training programmes.

* There should be a clear-cut division of legally binding responsibilities between the Governing Body (the Board) and Senior Management (the Chief Executive) set out in the society's rules and/or standing orders where the law does not provide for it.

* Details of working procedures in Boardrooms, Executive and Board remuneration, key information and figures regularly supplied by the management should be open in each co-operative society.

Corporate Governance and Management Control Systems have been major issues confronted by Mega-Co-operatives all over the world. Co-operatives, being user owned and user managed institutions, should ensure owner users' participation in business decision making. Co-operatives grown into large business organisations in Europe have tried many strategies in this direction with limited results.

The newly established European Regional Assembly has given high priority for these issues for the survival and growth of co-operatives as an alternative enterprise for the consumers and producers.

The statement quoted above shows the complexity and also the importance of the issues which could be applicable to many giant co-operatives that are emerging in Asia and the Pacific

- Editor

5. In co-operative societies, the RA recommends efforts should be made to elect more women to the Governing Bodies thus securing a better representation and participation of members.

6. The reports of external and internal audits are of great help for the control of the business operations of the individual society. These should be thoroughly evaluated by the Board and discussed with the top management.

7. Only a minority of members are able to participate actively within the Governing Bodies. The RA sees it therefore of utmost importance that the societies develop and introduce new ways of information, consultation and control as already adopted by consumer co-operatives and societies in some other sectors. In addition members should receive on a regular basis information about their society and other co-operative matters.

8. The RA would encourage each member organisation to introduce a Co-op Code of Best Practice - similar to the Code adopted by the British Consumer Co-operatives, with the objective of helping societies to redefine the duties and responsibilities of the Governing Bodies and Management, to make governing and control issues more transparent and to formulate strategies to achieve this.

Tribal Resettlement and Development through Co-operatives : A Case Study

The case study describes how Anand Niketan Ashram (ANA) Rangpur, Vadodara district, Gujarat State, undeterred by large scale evacuation of the tribal families on account of the implementation of the Sardar Sarovar dam Project (SSP) has brought relief and a new vision of life to thousands of tribal resettlers (PAPs) in the new villages created in the SSP areas. This has been mainly achieved through the organization and management of Mutual Aid Co-operative Societies (MACSs) of PAPs by the ANA/CCA project. Most of these developments have taken place during the first half of nineties.

Methods used for collection of data are interviews, consultation of ANA's publication, records and reports of the field work being done, information from the SSP, the World Bank and other reliable sources, study visits to new tribal villages and selected MACSs.

The assessment reports of the CCA/ANA Project have also been referred to. The author takes this early opportunity to thank the ANA, SSP, the WB

Dr. Dharm Vir
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"Society based on non-violence can only consist of groups settled in villages in which voluntary co-operation is the condition of dignified and peaceful existence."

- M.K. Gandhi

and the CCA staff who provided valuable material for the preparation of this document.

The ANA/CCA Project activities are still going on, even after the CCA assistance ceased after two years, and it is fervently hoped that some development agency would come forward to assist in further work which is complex, tedious and often slow. Anyway the case study depicts the achievements and shortfalls of a co-operative development effort resulting in tribal resettlement and sustainable development

in the area. It also indicates, how tribal/rural people in distress may be mobilized and benefited through a co-operative community development approach (CCDA). At the same time, the CCDA shows 'Ahimsa', self-help and mutual help in action, reinforcing both the concepts.

Background

Anand Niketan Ashram (ANA) is located at the village of Rangpur in the tribal belt of Vadodara district of Gujarat State (in the Western part of India). Its establishment in 1949 is intimately connected with the Gandhian thought and the life of Shri Harivallabh Parikh, popularly known as "Bhaiji" (brother).

During his study days, Bhaiji came under the rising influence of Mahatma Gandhi and worked with him during the freedom struggle of India. After this goal was achieved, in 1947, and soon after the martyrdom of M.K. Gandhi in early 1948, Bhaiji decided to work for the uplift and development of the exploited and weaker sections of the Indian society, the tribal people. For the last 47 years, Bhaiji has been living in the ANA's sprawling campus surrounded by tribal villages. The Ashram is situated near the Narmada river and is surrounded by hill tracts inhabited by tribal people, mainly the Bhils.

It is through a phased programme of adult/continuing education, social reforms and voluntary co-operation, he has successful in steadily weaning away tribal people from undesirable habits and customs like drinking, smoking, violence, child marriages, dowry, superstitions, harmful social practices and above all exploitation by the indigenous money lenders, middlemen and corrupt government officials.



A participant of a training camp organised by the Project Committee welcoming Mr. Harivallabh Parikh (Bhaiji)

One of the first activities started by ANA was in the field of co-operatives. About 40 co-operatives of various types were formed among the tribal people according to their needs, during the past four decades. One of the large-sized agricultural multi-purpose co-operative societies (LAMPS), located within ANA's premises is running well.

A vigorous social forestry programme has resulted in the planting and rearing more than 11 million trees around ANA's campus. This has been achieved through two forestry co-operatives. Recently, ANA has organised 30 similar co-operatives and four irrigation co-operatives to promote sustainable development in area. Thus, it has been making very valuable contribution to environmental improvement in the countryside. Incidentally, ANA H.Q. are located near Sardar Sarovar dam site and its submergence area.

Resettlement Work

During the last 9 years, ANA has been closely associated with the resettlement of the families being evacuated from their villages on account of the implementation of the Sardar Sarovar Project (SSP) by the Government of Gujarat. The SSP is a multi-million dollar scheme, supported by the Government of India and several development agencies, including the World



Mr. George Kuttikal - CCA representative -distributing a gift parcel to a colonist.

Bank. The main site for the gigantic dam being built on the mighty river Narmada is near Rangpur area.

While dealing with the resettlement work, the SSP authorities realized the need for a strong PAP's organization which can watch and promote their interest and assist in the resettlement work. During 1991-92, ANA envisaged a scheme for forming and strengthening Mutual Aid Co-operative Societies (MACSs) and Sardar Sarovar Resettlement Associations (SSRAs) of the PAPs, and then help in organizing a strong federation of MASCs. The scheme was supported by the state government and several other agencies. The Canadian Co-operative Association (CCA) was approached to join as

one of the major partners in this social development venture.

ANA developed bye-laws (Memorandum of Understanding) for the primary MACSs in consultation with the PAPs concerned. These co-operatives were assigned the following main functions:

- i. to persuade and mobilize the PAPs from the states of Gujarat, Maharashtra, and Madhya Pradesh in their old habitat and to help them resettle their households at the new sites allocated, on the basis of resettlers' choice.
- ii. to assist the resettlers in construction the temporary sheds/dwellings at the new sites. Also to arrange for development of local infrastructural facilities, such as roads, water supply, tree plantation, sanitation and health care facilities, schools, etc.
- iii. to arrange for allotment of 5 acres of agricultural land per household and for the agricultural inputs.
- iv. to arrange for education, vocational training, side-occupations and supply of consumer goods and services.
- v. to promote savings, self-help, adult education, cultural activities, social reforms, environmental improvement and co-operation among the PAPs.

In early 1992, the Canadian Co-op-



A section of the audience in the training camp

erative Association (CCA) agreed to ANA's request and provided major financial assistance. The title for the ANA/CCA Project was the Sardar Sarovar Resettlement Association (SSRA). The project was initially for two years, i.e. from April, 1992 to March, 1994. Later, its period was tacitly extended for one more year with no additional funds provided to ANA. It was expected to arrange for the rest of funds and facilities needed for the implementation of the project activities of a rather complex nature. Besides the financial assistance, the CCA agreed to provide some technical, monitoring and evaluation services to the project.

There were about 60 officers and field workers employed by ANA under the Project received constant guidance and support from Bhajji and other senior colleagues in the Ashrama. To provide logistic support, the Project was given a furnished office, one jeep (with a driver) and two motor cycles. In addition, some audio-visual equipment and computer services were made available by the ANA Trust Office and when necessary. Some times foreign volunteers and outside resource persons were provided for supplementing the efforts. Thus, the ANA/CCA Project activities were well integrated with the ongoing educational and development work undertaken by ANA in its area of operation.

During the last 4 years, the Project activities have been focused on the co-operative mobilization and develop-

ment aspects of the multi-pronged approached adopted earlier. Some of these activities are:

1. Procurement of land for houses and agriculture.
2. Persuasion of evacuee families for resettlement.
3. Shifting of evacuees to the resettlement areas of their choice.
4. Construction of temporary sheds at different locations.
5. Development of infrastructural facilities.
6. Construction of permanent dwellings for resettlers.

10. Income generation activities for the member households.

11. Co-operative and environmental education and social/cultural development activities for the prospective members and youth.

After about one year of initial ground work and preparation of bye-laws (MoU) in consultation with the PAPs and the government officials concerned, ANA started organizing and registering MACs/SSRAs in early January, 1993.

The primary aim of the societies

Information on the 54 MACSs			
Period	Upto 31.3.95 (3 years)	Upto 31.3.96 (4 years)	Increase/Decrease
MACSs	54	54	
General	1442	1666	+15.53%
Members:			
Males	1132	1162	+ 2.65%
Females	310	504	+62.58%
MC Members	433	433	-
Males	271	271	-
Females	162	162	(30% of total)
PAPs families covered	3094	3701	+19.62%
	56	68.5	(average per MACS)

7. Supply of Water and agricultural inputs, and agricultural extension and guidance.
8. Consumer supply and protection.
9. Savings and arrangements for agricultural credit.

was to undertake educational and other work for the PAPs, for their own social and economic development. It may be mentioned that most of the activities mentioned in the bye-laws are promotional, organizational, and educational.

However, the MACs are expected to undertake economic and commercial activities as well for the benefit of their member households. The field workers of ANA represent the Project in these societies and help them in maintaining their records and conduct of business.

It would take some time before these MACSs become self-reliant in

Results	Expected	Achieved	Remarks
1. Potential leaders identified	150	162	President and two MC members in each MAC.
2. Organization of MACSs at the village level	50	54	Mostly located in four Talukas of Vadodara district.
3. Launching of district/state level federations	1	0	Preparatory work is under progress

Progress of Construction of Permanent Houses			
	Upto April 1995 (3 years)	Upto March 1996 (4 years)	Increase
Houses completed	368	600	+35.87%
Houses under construction	367	468	+27.52%
Coverage of MACS areas	15	19	+26.67%
Total Houses	730	968	+32.60%

managing their own affairs. In order to achieve this end, it would be necessary to attract literate youth towards the co-operatives and run adult education programmes for members/managing committee members, especially women. It may be noted that according to the bye-laws, women form one-third of the total strength of managing committee of each MACs.

Achievements

As against the set targets, the ANA/CCA Project achieved, between April 1992 and March, 1994) the following:

By the end of 1994, 54 MACs/SSRAs were organized as against the target of 50 set by the project authorities. This was a laudable effort and deserves all appreciation. ANA has been trying 50 additional MACs and further develop grassroots leadership. With a broader base and intensive educational work, it would be possible to have a stronger federation of these co-operatives. Any way, by visiting the PAPs new settlements and attending their meetings or talking to them, one can realize that a dram of new life is coming true in project areas.

Some information about the membership coverage of the 54 MACs functioning in their respective villages are given in a table below:

Although the number of MACs has not increased during 1995-96, the average coverage by these co-operatives has gone up from 56 to 68.5, thus showing a net increase of 12.5 families/households per MACs. Through these societies, the PAPs families are being settled, first in temporary sheds and later in pucca (permanent) houses. During the last four years, the progress of constructing permanent houses is shown in another table given below.

Compared to the target of 3701 families to be resettled, the ANA Project has to go a long way in achieving its final goal. Of course, tremendous efforts are being made to provide all possible facilities to the PAPs, and new members are being made. However, they must be increasingly involved through their co-operatives in constructing new houses for themselves and also for other less fortunate ones. It is estimated that more than 33,000 families have been facing evacuation in the SSP areas, spread

Details of Camps held							
Year	92-93	93-94	94-95	Sub-total	95-96	Total	Increase/ Decrease
			(3 years)	(4 years)			
No. of camps	8	+ 6	+ 5	+ 19	+ 3	= 22	15.80%
Participants	819	+ 1091	+ 1182	+ 3692	+ 484	= 4175	13.11%

over in Gujarat and Madhya Pradesh.

Orientation, Education and Training

As envisaged in the ANA/CCA Project Document, the project staff has been mobilizing people and educating them on a large scale, mainly through 1-2 day camps, follow-up meetings at the village MACS level, formal meetings of members and MCM members, monthly 'bhajans' and individual/groups guidance by the ANA's field workers and extension officers. Some information about the camps held at various places are given in a table below.

In a year, the PAPs' member education camps were of 2-3 days' duration usually held in the ANA premises, Rangpur. It may be noted that ANA has large hostel facilities for the board and lodging of the participants. Later, 1-2 camps were held at different places according to local needs and convenience. Most of these camps were in the shape of large meetings attended by many participants and the resource persons from the SSP, ANA, Government departments and other development agencies. In the beginning, the need for PAPs' own organizations was emphasized and the draft bye-laws for the MACs/SSRAs were explained and discussed.

The camps were also used for general information and problem solving by the project staff, other extension workers and leaders. Later camps were full of discussions related to farming, housing, supply of agricultural inputs, appropriate decisions taken and solutions found out with the help of relevant agencies.

Resource persons who attended most of the camps and follow-up meetings appealed to the PAPs to learn thrift, self-help, mutual-help and the co-operative values and principles with the guidance from the field workers. The participants, both male and female, were persuaded to overcome the harmful habits like drinking, violence, child



Vastu Puja ceremony for construction of houses

marriage and extravagances on occasions like cremation, child birth, weddings, etc. Action plans were made for the participants' welfare and socio-economic growth.

In the PAPs' camps, the special target groups were the managing committee members and office bearers of MACSs. They were briefed about the need of member participation in co-operatives, their respective duties and associated rights. One third of the Managing Committee members were women. So income generation activities, child care, family welfare, health and hygiene were specially discussed. Above all, they were briefed in multifarious activities of ANA and its role in environmental improvement. All the participants were encouraged to grow trees around their farms and households.

During the visits arranged for the PAPs families, the male youth showed keen interest in activities like spinning, weaving, tailoring, house construction, brick making, masonry work, carpentry, smithy, bio-gas plant manufacturing and installation in resettlement areas. Dairying, animal husbandry and cattle raising have lot of potential for improving the economy of PAPs and the ABA is paying attention to such occupations. Women showed special interest in embroidery, patch work,

jewellery making, making cups and saucers out of forest leaves, herbal and flower plantation, cooking healthy food, food preservation, etc. The school children were encouraged to participate in the growing of more trees and forestry campaigns, literacy and sanitation campaigns, games and sports, debates and dramatics. Thus the PAPs and families were oriented and involved in a practical manner in Sarvodaya/Antodaya movements. In the process, they have been imbibing the Gandhian values like Satya (truth), Prem (love), Ahimsa (non-violence) and Swadeshi (nationalism) as well as Co-operative Values.

Economic Impact

It is rather early to assess the economic impact made by the MACSs on the lives of the PAPs. As the main task before these co-operatives to resettle the members in increasing number, there is no tangible economic or commercial activities started by them. However, the following facilities have been provided to the member households through their MACSs during 1995-96:

1. Wells for irrigation	5
2. Diesel Engines for irrigation	5
3. Bio-gas plants	139
4. Low cost latrines	53
5. Wells for drinking water	2
6. Flour Mill	1

In addition, the villagers helped in constructing a 3 KM long approach road for their village - Vadala. The project staff have been helping the members in securing agricultural and consumer supplies. They are also procuring loans for agricultural purposes from the commercial banks with which they have opened the savings accounts. It is expected that with the formation of a co-operative federation and development of proper linkages with the local co-operatives, doors will be open for joining the mainstream of co-operative movement in the district/state.

Civic Awareness

The PAPs have become conscious of the rights and duties as citizens and as human beings. By keen observation or through participatory observation, one can see a sea-change in progress in the physical, social, economic, civic and spiritual lives of the PAPs and their environment. For instance, when groups not favouring the SSP plans decided to march through the resettlement villages and demonstrate at the dam site, the PAPs' leadership decided to stop the demonstrators on the way and did it successfully. By blocking the approach roads and through persuasion, the demonstrators withdrew peacefully. This was a new experience for PAPs with the non-violent method of 'Satyagraha'.

All this has been made possible by the judicious use of indigenous approaches like Sarvodaya, Antodaya, Co-operation, Community Development and Environmental Work adapted by ANA under the inspirational leadership of Bhajji. Enthused by the notable success of his idea of Lok Adalats (open courts) in settling local disputes amicably, the PAPs have come forward to start their own local court, which help many of the social and economic disputes at low costs and without much trouble.

ANA's efforts for the voluntary resettlement of the PAPs from Gujarat,

Maharashtra and Madhya Pradesh states have been much appreciated by the SSP and other development agencies. It has been proposed to build additional 3200 houses on the designs and guidelines developed by ANA with the help of SSP and other agencies. It is high time that international agencies like the World Bank, Asian Development Bank (ADB), the International Co-operative Alliance (ICA), the United Nations agencies concerned with housing the rehabilitation (UNHS-, UNEP, etc.) should take due notice of this co-operative venture in the remote corners of India.

The village housing system, with low cost features and several innovations in finding and adapting indigenous construction material is just to be seen, studied and emulated elsewhere.

This is a slight digression, the author felt like making, considering the time, effort and above all ingenuity put in together by an experienced and senior Gandhian like Bhajji.

Social Impact

The ANA/CCA Project, because of its co-operative efforts in human resettlement and development, has generated unprecedented enthusiasm among the PAPs concerned, and also brought in positive impact in the government

and international circles. There is a growing awareness of the plight of the PAPs in the submergence areas and also there is some hope that by following ANA's efforts as a model, more PAPs can be resettled well within a foreseeable future. The PAPs are increasingly accepted and assisted in their resettlement. Their organizations have been recognized and responded to by the local people and governmental authorities alike. As the resettlement villages have been located near to the established villages 'bhils', there is growing inter-village communication and better chances of social integration are emerging.

The PAPs, though mostly illiterate, have in turn appreciated the efforts and arduous tasks of NGSs, the SSP and governmental agencies in their settlement and development. They have started co-operating with these agencies through their own MACSs. Many PAPs came forward to contribute manually to local projects like the construction of approaches to their villages, and 'bunds' for proper use of water. They also helped in the maintenance of sanitation of the common facilities.

Overall Coverage

As mentioned earlier, 54 MACSs were registered by the end of 1994. This

number had not increased by the end of March, 1996. However, the number of PAP members rose to 1666 representing 3701 families. The general coverage of local population has risen to more than 11,500 people. The details are given a table below.

	Up to end of Mar. 1995 (3 yrs)	Upto end of Mar. 1006 (4 yrs)	Increase/ Decre- ase %
1. Men	6,364	7,614	+19.64
2. Women	1590	1719	+ 8.11
3. Youth (under 21 years)	2262	2317	+2.43
Total	10135	11,641	+14.86

The figures mentioned above indicate that except increase in the number of MACSs registered, there is more than 14 per cent increase in others. This may be treated as a significant specially when there is no external help. This rate of progress is expected to be sustained, as lot more is to be done for poor and lowly educated people uprooted from their natural habitat. Most of the participants in ANA/MACS activities were illiterate men and therefore, covered through personal/group contacts and communicated with some audio-visual media.

Efforts are on by ANA's field workers to admit more women as members of MACs. Women and youth have been increasingly involved in co-operative business and other developmental programmes. ANA has also been exploring possibilities for organizing adult and continuing education programmes, especially through functional literacy classes for the MACS members.

Conclusion

ANA, with the help of CCA and other development agencies must continue its field programmes for the PAPs, and expand the same for the



A house constructed under the Project

benefit of the less fortunate PAPs. Let us hope that before the time ANA becomes 50 years old in 1999, at least 100 MACSs/SSRSAs will be functioning well, under their own federal organisations.

It is inspiring to see that in ANA's community work, Gandhian ideology and people's co-operation have been combined well and sustained for tribal welfare and development. Because of their aims, utility and popular base, the MACSs may be considered as the 'People's Trusts'. Thus the Gandhian concept of 'Trusteeship' gets reflected in his innovative work with PAPs. Needless to say such efforts are to be appreciated and supported and wherever applicable replicated. Thus those who are looking for alternative models for co-operative development must turn to ANA. The Co-operative Community Development Approach (CCDA) evolved by the Ashram should be studied and analyzed, synthesized and applied widely. All this would need much resources and perhaps world-wide attention.

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Asia-Pacific Co-operative Small and Medium Business Network Conference and World Co-operative and Small & Medium Exhibition Jakarta, July 14-15, 1997

The Ministry of Co-operative and Small Enterprises of Indonesia and the Indonesian Co-operative Consultative Board (BAMUSKOPIN) are jointly organizing a conference on "Asia-Pacific Co-operative Small and Medium Business Network Conference" and a "World Co-operative and Small & Medium Exhibition" at the Jakarta Convention Centre during July 13-18, 1997.

The Conference delegates will be able to :

Interact - with prominent government leaders from Asia, America and the Pacific, and leaders of multilateral institutions who are responsible for priorities, initiatives, programs and projects for enhancing the strategic importance of co-operatives and SMEs in their respective countries;

Learn - the current position of SMEs and co-operatives in APEC's eighteen member economies;

Understand - the opportunities for developing strategic alliances and the important legal, financial and political challenges that will be involved when pursuing various forms of business co-operation among SMEs and co-operatives of APEC member economies;

Build - a network of influential public and private sector contacts, including international/multilateral agencies relevant to the development of SMEs and co-operatives at the highest levels; and

Explore - possibilities with potential customers and/or strategic alliance partners from the public and private sectors of participating economies.

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 - * Best practices on strategic alliances between the large and small businesses including the co-operatives.
4. *Business Information Network:*
 - * The utilization of information technology for co-operative business networking.
 - * The utilization of market information network for co-operatives and SMEs
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5. *Institutional Setting:*
 - * International Business Networking
 - * Establishing Institutional Network.

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Conference participants will consist of SMEs executives, co-operative leaders, and policy makers from 18 Asia-Pacific member economies. The World Co-operative and Small and Medium Exhibition participants will be drawn from co-operatives and SMEs from throughout the world.

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***Cooperatives and Sustainable
Development in the Global Economy***

Cooperatives and Sustainable Development in the Global Economy

Asia-Pacific — the most populous and among the poorest regions in the world — is on the fast track to industrialization. While people-power, technology and resources are combined to create incredible opportunity, the threat to the environment is real and directly link to development.

Cooperatives are now competing in the open, free market economy with less and less support from scaled-back governments. Cooperative members and leaders are struggling to cope with these enormous changes.

What role do cooperatives play in sustainable development in the Asia-Pacific and around the world? Are cooperatives more successful than governments at addressing social problems? How should cooperatives manage their economic and social agendas? Can cooperative development alleviate poverty, preserve culture and save the environment?

These are the many questions that will be explored in this issue of Coop Dialogue. In an economy that is increasingly global, cooperatives offer a democratic, socially and environmentally responsible alternative that empowers people at the community level.

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Cover photo by Upali Herath : Yaks are vital to cooperative farming in Ladakh.

Human Development in South Asia 1997

A review of the report by Mahbub-ul-Haq

Allie Irvine

The **Human Development in South Asia 1997** report paints a bleak picture of the socio-economic circumstances of people in this region. It is a damning indictment on the economic and political leadership of South Asian nations over the past 30 years.

Mahbub ul Haq, President of the Human Development Centre in Pakistan, and his research team offer reams of horrifying statistics and propose swift action to combat South Asia's steady slide into human depravity.

Statistics on depravity:

- Asia is home to 22 per cent of humanity or 1.2 billion people; the increase in population in South Asia each year alone exceeds the total population of 50 smaller UN member countries.
- South Asia's share of global real income is 6 per cent; its per capital GNP is lower than any other region in the world, with over 500 million people surviving below the absolute poverty line where their basic human needs are not being met (World Bank). With 22 per cent of the world's population, South Asia produces 1.3 per cent of the world's income; 40 per cent of the world's poor live in South Asia.
- The region holds 46 per cent of the world's illiterate population, over twice as high as its share of the world's population. Adult literacy is 48 per cent, lowest in the world. There are more children not attending school in South Asia than anywhere else in the world, and two-thirds of this wasted generation is female.
- 50 per cent of the world's malnourished children live in South Asia.

Despite a much higher GNP growth rate and a more robust increase in food production, half the children in South Asia are malnourished as opposed to 30 per cent in Sub-Saharan Africa (UNICEF).

- South Asia's Gender Equality Measure, prepared by United Nations Development Programme (UNDP), compares economic and political opportunities for women to men. South Asia shows the lowest value, yet it is the only region in the world to have a lower female to male ratio (94 women for every 100 men as opposed to 106 to 100 in the rest of the world). This translates into 74 million missing women.
- People in South Asia suffer the highest deprivation: 260 million people lack access to rudimentary health facilities, 337 million lack safe drinking water, 830 million have no access to basic sanitation facilities, and over 400 million go hungry every day.
- The most militarised region in the world, such widespread human deprivation contrasts sharply with

large armies, modern weapons, and expanding military budgets in South Asian countries. It is the only region where military spending in proportion to GNP has gone up since 1987.

The report provides a statistical analysis for each South Asian country – India, Pakistan, Bangladesh, Nepal, Sri Lanka, Bhutan, and the Maldives.

Over the past three decades, South Asia slid behind all other regions in the world in both income and human development levels. All its economic problems are compounded by other health and social travesties, like HIV infection, drug abuse and child prostitution.

East Asia (excluding China) and South Asia were on relatively the same footing in per capita income during the 1960s.

The gap has since widened from \$200 to nearly \$10,000 in 1993. Why has East Asia performed so much better? The report suggests five principals have guided East Asia's success.



VICTO supports mobile school for disadvantaged children in Cebu (Philippines)



Co-operative Hospital, Nagoya (Japan)

1. **Investment in education** – *Investment in human capital and technology versus illiteracy and ignorance.* East Asia has spent two to three times more of its GNP on primary education than South Asia, emphasising universal, high-quality primary education, accompanied by a largely self-financed university education system and an emphasis on technical education.
2. **Outward-looking trade strategies** – *Liberal and open trade versus protectionism.* East Asian markets were more open to international competition, imposed lower tariffs, and relied heavily on trade with the rest of Asia. East Asia became competitive through low wages, high labour productivity and enlightened export policy contrasted with South Asia's failed attempts at primary export and import-substituting industrialisation.
3. **Institutional reforms** – *Egalitarian, merit-based competition versus power and patronage.* Its high-quality, merit-based economic technocracy, reliable and just legal framework, and long

periods of political stability (under authoritarian rule, in some cases) enhanced East Asia's high and evenly distributed growth. Land reforms and equitable credit system were also factors. Feudal structures continued to dominate political and economic power in South Asia. Credit, with a few notable exceptions like the Grameen Bank in Bangladesh, is unavailable to the poor in South Asia. In East Asia, the government provided market-based alternatives and created innovative new financial institutions that could reach the poor.

4. **Mobilising savings and investment** – *An inflow of foreign equity investments versus dependence on foreign aid and loans.* High GNP growth rate, low inflation, confidence in financial institutions, firm but fair taxation and fewer dependents encouraged East Asians to save and invest. These conditions have been partly or entirely absent in South Asia.
5. **Good governance** – *Sound government policy or inefficiency*

and corruption. State, bureaucracy and big business function together on the basis of merit, rule of law, competition, civilian control over the military, institutions of accountability and a cooperative framework between state and civil society. East Asia has struck this balance while South Asian nations are still searching for the elements of good governance.

Mahbub-ul-Haq argues that GNP is not the end, but merely a means to development. The purpose of development today is not just to enlarge incomes, but to enlarge people's choices. That these choices extend to a decent education, good health, political freedom, cultural identity, personal security, community participation, environmental security and many other areas of human well-being, he writes. Development must deal with the entire society, not just with the economy, and people must be put at centre stage. The quality and distribution of GNP growth becomes as important as quantum growth. A link between growth and human lives must be created through conscious national policies

The ultimate purpose of development is to build human capabilities and to enlarge human opportunities. This concept is being put to critical test in South Asia. South Asia has tremendous development potential, but is sinking into a quagmire of human deprivation and despair. The Human Development in South Asia 1997 report outlines how a human priority agenda would:

- invest in universal primary schooling
- make available basic health care
- ensure safe drinking water
- provide adequate nutrition
- support family planning services

At a total cost of \$129 billion over 15 years, the program could be financed by earmarking 1.6 per cent

of GNP on average. The report argues it can be managed through a restructuring of existing budget priorities. Implementation costs would be further reduced if GDP grew by over 5 per cent, and if non-governmental initiatives to deliver social services and community development are promoted.

Over the next 15 years, the report says the leaders of South Asian nations must:

- Agree to reduce defence spending and redirect resources to meet urgent social needs.
- Arrange bold debt-equity swaps through privatization of public sector assets.
- Promote civil initiatives for delivery of social services to the poor.
- Eliminate government waste and corruption.

The report describes what it calls the "benign neglect of government" in the social development of South Asia. Mahbub ul Haq blames feudal political structures that take little interest in the welfare of the people. Citing several examples of successful growth of NGOs throughout the region in recent decades, he advocates allowing this sector to deliver health and social programs.

While favouring economic liberalization and free trade, the solutions Mahbub ul Haq proposes in this report seem to contradict the structural adjustment policies that have been imposed on the developing world by organisations like the World Bank (his former employer). Instead, the report advocates a combined government and civil human development effort that puts people first. The basic premise: investment in people is an investment in the very engine of the economy.

The report on Human Development in South Asia 1997 by Mahbub ul Haq is published by Oxford University Press.

Traditional solutions to modern problems – Cooperatives and sustainable development in Ladakh

Allie Irvine

Communications and Gender Programme, ICA ROAP

Past the green foothills and snow-capped peaks of the Himalayas, on the arid brown terrain of the western Tibetan Plateau live a people whose history of cooperation is as old as the soil they take their living from.

Ladakh is in the state of Jammu and Kashmir, today India's strategic military zone bordered by Pakistan, Afghanistan and China, and home to an agrarian society that shares the cultural traditions of Tibet.

With eight months of harsh winter every year, life here is not easy, explains Kalon Rigzin Namgyal. Kalon means Prime Minister, and the elderly Namgyal is descended from Ladakh's royal family.

Secretary of the Cooperative Marketing Society which supplies vegetables to the army — Namgyal is one of Ladakh's elder statesmen and most respected citizens. "We could never survive without cooperation," translates his grandson. "Our



Woman weaves a pashmina shawl in a local co-operative in Leh, Ladakh

Canals direct precious glacial melt waters to thirsty fields of ripening barley, carved like steppes on the mountain face. Simple yet majestic flat-roofed white-washed houses dot the landscape, their beautifully carved wood frame windows looking out over the spectacular mountains.

whole society was based on it. Farmers in every village shared their resources."

"(Traditionally,) families would take turns each day grazing the cows and sheep. If a family wanted to build a canal or a house, they would beat

a drum to summon a worker from each family. We didn't have money. We shared labour, and accepted payment in tea and chang (beer)," said Namgyal.

Helena Norberg- Hodge, a Swede who has spent more than 20 years studying Ladakhi language and culture, describes Ladakh's traditional sustainable agricultural practices in her book and film *Ancient Futures*.

Weather controls the livelihood of Ladakhis. The population depends almost entirely on agriculture, self-supporting farmers living in small villages scattered across the desert. In a growing season of four months, Ladakhis must produce enough barley and other staples to last the other eight months of the year.



Childrens' School at Lama Monastery, Ladakh- an attempt to maintain a sustainable society

The average family holding is five acres, with some cultivating as many as ten, depending on the size of the family. They measure land in how long it takes to plough it, describing a plot as "one day" or "two days." One acre per working member of the household was the rule, writes Norberg-Hodge.

The economy also depended on animals, who provide necessities like dung for fuel, transportation, labour,

wool and milk.

To survive with limited arable land and scarce resources, Ladakhis developed an effective system of population control through polyandry or polygamy. Though no longer practiced on a large scale, Norberg-Hodge argues multiple spouses kept the population of Ladakh stable for centuries, and contributed to an environmental balance and social harmony.

The system was flexible from generation to generation, depending on the availability of land, the number of offspring and available partners. A polygamous marriage might occur when one wife was barren. A second wife, usually her sister, married into the family. If a husband or wife had an affair, they may have asked

to bring the third party into the marriage.

Although extramarital sex is discouraged, mothers of illegitimate children are not outcast. Losing one's temper is more scorned than infidelity, writes Norberg-Hodge.

Whatever the system of marriage, the land holdings remain undivided. No matter how many children, one person – usually the eldest son, or the daughter with a husband –

becomes the guardian of the family land. The entire family continues to live in two or more households off the same land, sharing labour and resources.

Unmarried women and men become nuns and monks. Young children are sent to the monasteries to be educated, and to reduce pressures on family resources. As spiritual leaders and educators, lamas are traditionally the most respected people in Ladakhi society. Babies of two and three months are taken to the monastery to be blessed, protected with printed prayers and to receive a first name from the high lama. People in Ladakh do not carry last names, but are known by their house or land holding.

Ladakh's traditional agricultural economy started to change after independence. Responsibility for construction of canals and roads was taken over by the government and the informal cooperative system was put on paper.

At first, people were optimistic about the government's investment in the region. A state government department of cooperative societies was established to formalise Ladakh's cooperative tradition in 1958.

That optimism turned sour as Ladakhi people began to feel the real impact of change. A paycheque and government subsidies decreased reliance on agriculture, discouraging the former traditional self-sufficiency model.

"People's values changed," said Namgyal regretfully. Pollution, waste, mismanagement and cultural degradation are all results of the new money economy, he said.

"In the western world we have accepted this idea that economic development is progress," said Norberg-Hodge. She speaks with the zeal of an evangelist about the social, environmental and economic problems of Ladakh.

"At the macro level, a lot of destruction of biodiversity and culture is happening," she recently told an audience of tourists at a screening of her film at the Ladakh Ecological Development Centre in Leh, the small capital of Ladakh.

"Food from far away has become much cheaper than local products," said Norberg-Hodge. Like Namgyal, she criticises government subsidies and trade agreements that separate local farmers from consumers.

Relying on government trucks to provide water, cheap imported food and basic necessities has caused Ladakhis to suffer, she points out. Rationing has become necessary during the long winter months when before the society was self-sufficient.

Technology and tourists have brought with them pollution – diesel fumes, plastic, waste. They stretch the scarce water supply, and create erroneous impressions among Ladakhis that all westerners are wealthy and never work.

In 1983, Norberg-Hodge and other concerned Ladakhis in search of a more sustainable development model formed the Ladakh Ecological Development Group. Their goal was to encourage alternative technologies, and to prevent youth from drifting away from the land.

Norberg-Hodge uses the example of the diesel-powered mill in Leh to show the long-term harmful effects of modernisation. The mill grinds wheat faster than the old water mills, but requires people to haul their grain from a distance and pay for it to be ground.

The heat from the speed of the mill deteriorates food's nutritional quality, and spews harmful diesel fumes into the air. Moreover, people are losing their traditional knowledge about using local, sustainable resources, and the personal relationships that come from working cooperatively.

Focused on alternative technologies, LEDeG has advocated new energy sources using the Trombe wall, solar ovens and heating that make use of Ladakh's many hours of sunlight. But environmental problems are only one aspect of Ladakh's crisis; more insidious and imminent is the negative cultural impact of modernisation on the society.

The young and inspiring director of LEDeG, Sonam Dorje, says LEDeG has been successful at promoting more sustainable energy alternatives. He now wants to shift attention to educating young people who are caught in a society in flux. "Schools are educating young people to fail," said Dorje, who organised

"Technology and tourists have brought with them pollution – diesel fumes, plastic, waste. They stretch the scarce water supply, and create erroneous impressions among Ladakhis that all westerners are wealthy and never work."

a youth lobby to reform the education system before coming to LEDeG. Dorje describes how many of Ladakh's young people are what he calls the "semi-educated" victims of progress. They are neither educated in their own language, nor are they provided with adequate skills needed in the modern economy.

The youth of Ladakh are poorly equipped for the few jobs that only exist in urban centres and they are letting go of their traditional agricultural heritage at the same time, said Dorje.

Dorje knows that technology and tourism are here to stay, and that Ladakhis must take advantage of change. In his search for solutions to Ladakh's environmental and social problems, Dorje looked to his culture's traditional cooperative roots. And Dzomsa was born.

Dzomsa, "meeting place" in Ladakhi, is a 12-member cooperative group who provide purified drinking water, fresh organic apricot juice and environmentally sound laundry services to tourists.

"Many plastic bottles were littering the city," said Sonam Angmo, a young co-op member and employee at Dzomsa's laundry collection depot. "And the soap from the laundry was polluting the local water supply."

Dorje organised the small informal cooperative to sell boiled water to tourists, and to take the laundry out of town where the soap can be disposed of safely. Twelve young Ladakhi men and women are now employed and share the profits of Dzomsa. Dzomsa is an example of a cooperative solution that is all-encompassing – it provides jobs for people, cuts waste by over 200 plastic bottles a day, reduces diesel pollution and prevents gallons of harmful detergent from flowing into Ladakh's precious streams.

The cooperative model is especially well-suited to Ladakhi culture, offering solutions to modern problems while preserving a traditional way of life. This strategy is being employed by women in Ladakh who have been marginalised by the newly created job market.

Farm women are left alone while men go off to work and the children attend school in the towns and cities. Work that was once shared by whole communities is now left to wives and mothers. In industrial society, economic and social power belongs to men.

Ladakhi women are keenly aware of the loss of their traditional

lifestyle and their economic and political power as a result of this modern trend. The Women's Alliance of Ladakh was founded in 1990 to help mothers educate their children about the benefits of the community cooperative society.

Dolma Tsering is the Women's Alliance secretary. She emphasises the importance of teaching children about traditional Ladakhi lifestyle. Tsering points out that many young people face a future of unemployment in the modern economy. She hopes that instilling pride in their culture will encourage youth to opt for traditional alternatives, preserving Ladakh's cooperative history.

Traditional organic farming in Ladakh depended on compost, nightsoil and animal dung. In recent years, the Indian government has promoted the use of fertilisers and pesticides never before seen in Ladakh (some that were banned in the west in the 1970s). At first, chemicals were provided free of charge to farmers. While some argue yields have more than doubled, others say biodiversity is destroyed and farmers become dependent on expensive, environmentally harmful methods.

Tsering and the Women's Alliance advocate decentralised agricultural practices that focus on local food production and not crops for export, and on developing technologies that are suited to local conditions. They believe cooperative agricultural methods empower women in their communities and preserve the environment.

The efforts of the Women's Alliance have been supported by the Deputy Registrar of Cooperative Societies, who have helped fund the Women's Alliance seed program. The women work with farm families to produce seeds on a rotational basis that are then collected and distributed cooperatively.

The seeds reduce farmers' dependence on subsidies and are bet-



A tourist fills water bottles at Dzomsa in Leh

ter suited to Ladakh's climate and short growing season than government supplies. Slowly, governments are starting to recognise the value of organic farming methods.

Through education in the villages, the Women's Alliance also encourages people to maintain their own vegetable gardens and sell produce to the army through the Cooperative Marketing Society, whose efforts have been enhanced by people like Namgyal.

Namgyal's commitment to the traditional cooperative model is unwavering. His goal is to involve entire villages in cooperatives, and encourage more ultraistic leadership in the cooperative movement by making key elected positions voluntary.

Their success depends heavily on infrastructure – roads to transport vegetables to market and canals to improve irrigation. Namgyal wants the government to spend less on subsidies and more on projects that will help farmers irrigate more land and improve transportation.

The method Namgyal proposes will take time, he explains, but it is sustainable. The current system depends on money to function. A cooperative model that is based on self-

sufficiency, then profit, won't collapse in hard times. He is optimistic about the future of agricultural cooperatives in Ladakh to distribute plants and seedlings, and eventually cultivate pasture to graze dairy cattle.

While the informal sector has avoided what they call "bureaucratic red tape," cooperatives in Ladakh have received support from the government.

Deputy Registrar of Cooperative Societies Abdul Majid has 30 years of experience developing cooperatives.

He said that over 75 per cent of Ladakh's rural population are involved in cooperatives, from agriculture, to housing, to handicrafts, to credit, to transportation.

Majid agrees that Ladakh's traditional cooperative culture has encouraged people's willing participation in the formal cooperative sector.

He argues that independence brought some welcome changes for Ladakhi farmers. "In the past, farmers had to borrow seeds and land from landlords and money-lenders at very high rates of interest," explained Majid. "The government organised grain banks to provide seeds and loans at low rates."

The concept of banking and saving money was also introduced post-independence, said Majid, freeing farmers from a feudal system that operated on generations of debt to landlords.

Majid struggles with limited resources to foster new industries in Ladakh, like the production of pashima wool – cashmere blended with stronger imported varieties of wool. He shares Namgyal's dream of all villages functioning cooperatively.

Cooperatives – like all aspects of modern life – are profoundly affected by government policy. With a small population, Ladakhis wield little political influence, but their land is geographically vital to India's defence.

In recent years, a political advisory body to the government – the Hill Council – was formed to advise the state government on Ladakhi policy. Powerful leaders, like Chief Executive Thupsdon, relative to Ladakh's King, and Sonam Dawa, former director of LEDeG, give voice to the concerns of their people.

Ladakhis have had some political success. Their commitment to organic farming has kept imports of largescale fertiliser companies at bay.

While modernisation has decreased infant mortality and provided the benefits of modern medicine, it has come at the expense of traditional Tibetan methods practiced by the amchi (doctor), which are gaining respect in the west. People's lives have become healthier and easier, but new problems have arisen as a result of pollution, change in diet, stress and the loss of cultural identity. Many Ladakhis become frustrated when they can't obtain western ideals of good jobs, cars, fashionable clothes and money.

LEDeG educates thousands of tourists every year how to be responsible by giving an accurate picture to local people of life in the west – complete with unemployment, poverty, deterioration of family, and a lost sense of community.

The Ladakh Farm Project, run by Norberg-Hodge's International Society for Ecology and Culture, offers young people in the west an oppor-

tunity to experience working with a Ladakhi farm family. Young Ladakhis are also sent abroad to encounter western culture. The goal is shared cultural education from east to west.

The theme of education echoes in a common chorus – educating tourists and the rest of India about Ladakh's unique situation, helping young people secure their future, making farm families aware of the value of the cooperative model, and telling local people the whole story about life in the west.

Cooperative solutions in Ladakh – formal and informal – meet economic needs with the happy side effect of weaving producers and communities closely together. "Because we are a crowded planet, we need to help our villages survive," said Norberg-Hodge.

Cooperation means both history and hope for the future of Ladakh. The right balance of tradition with modernity can make fertile the barren landscape of the western Tibetan Plateau and restore the spiritual prosperity of a remarkable people.

Non-Governmental Organisations and the State in Asia: Rethinking roles in sustainable agricultural development

Edited by John Farrington and David J. Lewis with S. Satish and Aurea Miclat-Teves : a book review by Allie Irvine

Part of the Non-Governmental Organisations Series, ***Non-Governmental Organisations and the State in Asia*** looks at the relationship between NGOs and the state, and their role in democratisation and consolidation of rural civil society.

The book focuses on participation of the rural poor in agricultural change. It examines how the technology and management practice needed for sustainable improvement of productivity in small-scale, low-income farming might be developed, and how to NGOs and government interact at this level.

The book draws on case studies in Bangladesh, India, Nepal, Indonesia, Thailand and the Philippines to

focus on the institutional arrangements needed to promote agricultural technology development to enhance the lives of the poor.

There is a modern, growing perception that NGOs are more successful at rural sustainable development because, through them, the poor can participate in designing solutions. Community involvement in the delivery of programs and services has become necessary as structural adjustment policies force states to claw back funding.

As the public sector failed to meet the needs of the rural poor, NGOs moved in to fill the void. NGOs – and indeed cooperatives – carry with them three perceptions:

1. NGOs are a force for democracy – the nature of grassroots organisations allows people to participate at all levels.
2. NGOs are effective tools to sustainable development

and alleviating poverty and operating on a small scale they are more flexible and respond rapidly to people's needs.

3. NGOs enhance efficiency – their proximity to communities allows them to deliver more appropriate services more quickly.

The risk of this positive image is that, as NGOs gain strength, governments may see fit to acquit themselves of responsibility for the delivery of programmes, services and infrastructure. As their numbers and funding increase, so too does the opportunity for corruption.

A study of interaction between NGOs and government in agriculture showed that community organisations offer a participatory model state-sponsored programs might use. People in fledgling democracies and the disenfranchised also benefit from the opportunity to be involved in decision-making.

While NGOs can accurately pinpoint problems, they often lack the technologies to solve them. Here, the state and NGOs can work together.

Their awareness of local conditions and requirements give NGOs a strong lobbying position; this position makes NGOs valuable to governments seeking to strengthen themselves politically.

In order for NGOs and government to work successfully together, the state must take a tolerant or favourable view of them. The relationship will also be productive if the two share a common vision. Differences in development models of states and NGOs may make interaction difficult (differences among NGOs may also pose a challenge to that sector). NGOs must maintain their autonomy. NGOs and government are not compelled to work together.

Methodology

NGOs and governments were visited in all countries surveyed. The study examined:

- NGOs' role in agricultural change
- NGOs' interaction with government
- NGOs' interaction with each other
- NGO and government learning processes

The diversity of the Asian region, varied economical and political contexts and differences between individual NGOs make generalisations impossible. The study covered a wide range of agricultural issues in respective countries, from raising livestock, to forestry, seed varieties, irrigation, land ownership, pest management, waste disposal, agricultural training, soil conservation, environmental planning, rural restructuring, indebtedness, to rice and fish farming.

Conclusions

NGOs play several roles in their interaction with governments.

1. *Extending the benefits of research to communities* – Governments often spend considerable resources on developing agricultural technologies that never reach the poor. NGOs interactive relationship with rural communities create excellent opportunities for field-testing government research, adapting it to local circumstances, and offering feedback. This potential is often not realised because NGOs must invest considerable effort in scaling down technologies developed by governments for use in communities.

Governments and NGOs may also have different expectations of the relationship, or their respective clients may differ considerably. Government staff may not be committed to such endeavours, placing heavier responsibility on the NGO.

2. *Facilitating organisation of community groups capable of using technology* — In this scenario, neither governments or NGOs deliver the

technology. Instead, governments use NGO access to hard-to-reach sections of the population and NGOs gain through increased resources from government. The project-specific nature of this relationship may detract from the NGO's wider agenda, and government may use this approach as part of a cost-cutting agenda. NGOs can combat this by including a training component that will ensure that another service provider can eventually take over.

3. *NGOs as innovators* – NGOs offer innovative approaches to agriculture in its efforts to respond to the opportunities and constraints identified by the rural poor. Government can take up these innovations in the delivery of its own programs.

4. *NGOs as networkers* – NGOs establish a fora for exchanging ideas with government. In some situations, NGOs might overlap and encroach on one another's mandate. Governments and NGOs can work together to eliminate duplication of services.

5. *NGOs as advocates* – Advocacy is central to the function of NGOs and they are often able to accomplish significant policy changes through lobbying government, though advocacy can sometimes overshadow necessary grassroots work.

Government-initiated relations are possible. Most interaction between NGOs and governments is initiated by the non-governmental sector. In some cases, however, NGOs have been used as centres for demonstration and training. Governments may also appeal to NGOs to take over certain functions in the economy. They may also consult them on social and economic policy. A successful relationship relies on mutual trust. Governments must recognise that NGOs may compete with each other for resources. NGOs should also be encouraged to formulate policies that address their concerns and not focus solely on advocacy.

Final conclusions:

- NGOs' small size relative to government and their commitment to decentralised decision-making result in flexible, non-hierarchical operations.
- NGO approaches to agriculture technology development and dissemination tend to be more issue-oriented than government. They are more concerned with action than research and they focus on application and are results-oriented.
- NGOs know who their clients are and can cater to specialised groups.
- NGOs take a more participatory approach which results in more innovative strategies and makes change sustainable.
- NGOs are small and may not be able to see broader opportunities beyond a specific project.
- Their size may also prevent them from addressing the wider structural and policy factors which influence the environment in which they operate; they may also lack specific skills yet be unable to co-ordinate share arrangements for resources and facilities.
- NGOs may lack accountability and may not permit the rural poor to influence the size, structure and objectives of their organisation.

The relationship between government and NGOs holds tremendous opportunity for sustainable development in agricultural technologies in Asia. Benefits to the rural poor can be significant if these two entities focus on service delivery, promoting institutional stability, providing innovative solutions and improving communications.

(Non-governmental Organisations and the State in Asia is published by Routledge, 1993.)

Global Environmental Outlook – First report presented by the United Nations Environment Programme

A review by Allie Irvine

United Nations Environment Programme presented the first report in the *Global Environment Outlook* (GEO) series – a snapshot of the ongoing world-wide environmental assessment process. It was initiated in response to Agenda 21 – the road map for sustainable development adopted by governments at the 1992 summit in Rio de Janeiro.

GEO's priority is to reflect regional perceptions and realities while reporting on the state of the global environment. Input was solicited from regional Collaborating Centres, United Nations organisations, and independent experts.

Profound world-wide changes continue to occur in social, institutional and economic systems, yet poverty remains global and disparity among nations widens. Despite progress, the report states that the rate at which the world is moving toward a sustainable future is too slow. It clearly illustrates

the link between socio-economic deprivation and poor environmental standards.

GEO-1 is designed to build consensus on critical environmental issues, set priorities among the plethora of environmental concerns, and identify issues that the international community needs to address. It provides the policy maker, corporate leader, student, activist and citizen with a picture of the priority environmental concerns in each region, the overall health of the planet, and proposes a direction for possible environmental response strategies.

The global picture

The GEO-1 Report shows significant progress in confronting environmental challenges in both developing and industrial regions over the past decade. World-wide, the greatest progress has been in the area of institutional developments,



Recycled tissue - Co-op Tokyo, Japan



Making compost manure from garbage - Co-op Tokyo

international cooperation, public participation and the emergence of private-sector action.

Legal frameworks, economic instruments, environmentally sound technologies, and cleaner production processes have been developed and applied.

Environmental impact assessments have become standard tools in initiating, implementing and evaluating major development and investment projects in many countries.

Several countries show marked progress in curbing pollution, slowing degradation, and reducing use of resources. Since Rio, governments, non-governmental organisations, the private sector, civil society and the science and research community have responded positively to environmental challenges.

Despite progress on several fronts, the report argues that the global perspective on the environment has continued to degrade, perpetuated by socio-economic circumstances in nations around the world. Nationally and internationally, funds and political will are lacking. Progress to a sustainable future is too slow.

There is a void of effective national environmental legislation, and small and medium-sized companies which form the backbone of national economies have not kept pace with transnational corporate environmental consciousness. The report states that continued degradation of natural resources, constraints on renewable re-

sources, increased pollution and resulting climate changes may lead to food insecurity, unprecedented human health risks, and cause irreparable damage to biodiversity.

Regional status

The GEO-1 confirms the diversity of environmental concerns among regions. Land, forest, biodiversity, water, marine and coastal environments, atmosphere, and urban and industrial environments are evaluated by region.

In areas of Africa, West Asia and parts of Asia Pacific, and Latin America, where food security and alleviating poverty are priorities, the greatest environmental concern is the degradation of farm land through urbanisation, soil contamination and acidification, and poor water management.

The advancement of agriculture has caused concern for forests and biodiversity in Latin America, the Caribbean and Asia-Pacific, which house 80 per cent of the ecological megadiversity countries of the world. All regions have experienced problems with ground and surface water. More than one third of the world's population is without a safe drinking water supply. Management and development of efficient water resources is a high priority in West Asia, Africa and Asia and the Pacific. In Europe and North America, the protection of water from pollution is high on the agenda.

About 60 per cent of the world's population lives within 100 kilometres of coastline, and over 3 billion people rely on coast and marine habitats for food, building sites, transportation, recreation and waste disposal. One third of the world's coastal regions are at high risk of degradation from land-based pollution and infrastructure development. Europe is most at risk, followed by Asia and the Pacific and Latin America. Oil spills are a threat to West Asia and the Caribbean, while overfishing has drastically depleted stocks in Asia and the Pacific, North America, Europe and West Asia.

Air pollution problems are pervasive. All major cities in the world suffer urban air quality problems. The rising demand for fuel to power economic development will cause continued damage to the ozone layer and harmful climate changes. Waste disposal is another area of serious concern world-wide, aggravated by rapid industrialization in the southern hemisphere.

Population growth, urbanisation, and the widening gap between rich and poor are often blamed for environmental degradation. The report points the finger at inefficient use of resources, waste generation, pollution from industry and wasteful consumption patterns as being equally responsible.

Regional policies to combat environmental degradation

Regional responses across the board have focused on institutional and constitutional issues before implementation and enforcement of environmental legislation and regulations. These steps are followed by strategic action plans to protect the environment. Finally, market-based incentives to inspire voluntary, flexible and innovative action on the environment are introduced.

Weak institutions, insufficient human and financial resources, ineffective legislation and toothless enforcement bodies are all problems encountered in promoting environmental responsibility in the developing world.

Legislative measures and market-based incentives are more effective in developed regions of the world.

Although the intrinsic link between poverty and environment was identified at Rio, little evidence emerged from any of the region reports that show concerted action to ensure environmental policy benefits the poor.

Environmental protection and social investments in education, better health care and employment go hand in hand. Empowering communities and environment-oriented NGOs are widely recognised as powerful tools for sustainable development. In regions where government policy is weak and ineffective, so too is public participation.

Looking into the future

The first GEO Report concludes that more systematic analysis of the links between environmental, social, economic, institutional and cultural sectors, and the relation between different environmental issues is needed.

Despite falling birth rates and cleaner technology in the developed

world, overpopulation, industrialization, poverty and wasteful consumption in the developing world will continue to increase global resource and energy consumption, generate waste, decrease food security and contaminate the environment.

The GEO-1 calls for concerted action by the international community in four key areas:

Energy efficiency and renewable energy resources – Alternative energy resources must be vigorously pursued and efficiency greatly improved.

Appropriate and environmentally sound technologies world-wide – Technologies that make more effective use of natural resources, create less waste and produce fewer pollutants are urgently needed.

Global action on fresh water – Lack of potable water is a major impediment to development in several regions. Land-based sources of pollution and run-off from agricultural and urban areas must be stemmed. A global strategy on water is paramount to environmental security.

Benchmark data and integrated assessments – Continual assessment are needed to guide decision-making and implementation of environmental policy, including investment in new and better data collection, making links between environmental issues and development, integrated environmental impact assessment of alternative policy options, better translation of scientific results for public policy use, and the development of cost-effective, useful environmental monitoring.

The report acknowledges that a sustainable future calls for significant investment in social infrastructures that will alleviate poverty and contribute to environmental protection.

The Global Environment Outlook presented by UNEP is published by Oxford University Press, 1997.

What is happening at ICA ROAP from October to December 1997?

1. 12th ICA/Japan Training Course for Strengthening Management of Agricultural Cooperatives, India from October 20 to December 23, 1997.
2. Consumer Committee Meeting in Tokyo on October 24, 1997.
3. 2nd Asian Conference of Women Farm Leaders of Agricultural Cooperatives in Tokyo, from November 4 to 10, 1997.
4. 7th ICA/Japan Training Course for Rural Women Leaders of Agricultural Cooperatives in Tokyo, from November 4 to December 3, 1997.
5. National Seminar on Consumer Cooperatives in Educational Institutions, Chennai, India on 25 to 29 November 1997.
6. ICA/ILO COOPNET Regional Workshop on Leadership Training for Women in Cooperatives, Kuala-Lumpur from December 8 to 12, 1997.

World Development Report 1997 – The State in a Changing World by the World Bank

The **World Development Report 1997** focuses on the role of the state in development. Predictably, the World Bank denounces the failure of state-dominated development in favour of good government that, “plays a catalytic, facilitating role, encouraging and complementing the activities of private businesses and individuals.”

It offers a two-part strategy for an effective role of state:

1. Focus the state’s activities to match its capabilities, and avoid trying to do too much with too few resources.
2. Look for ways to improve the state’s capabilities by reinvigorating public institutions, with emphasis on providing public officials with performance incentives while eliminating corruption.

The report argues that the collapse of state-controlled economies in Eastern Europe, the fiscal crisis of the welfare state in industrialised countries, the role of the state in the “miracle” economies of East Asia and

*A Review by
Allie Irvine*

the collapse of states and explosion of humanitarian emergencies in the developing world have precipitated questions about the role government in a global economy.

An effective state should provide goods and services, rules and institutions that allow markets to flourish and people to lead healthier, happier lives, says the report.

Pre and post-World War II model of state intervention in the economy has been called into question in an era of economic globalization, technological advancement and the spread of democracy.

Government’s failure to deliver property rights, roads, basic health and education has resulted in people and businesses avoiding taxation, causing further deterioration of services. The state’s first priority, says the report, is to put in place the appropriate institutional foundations for

markets by:

- establishing a foundation of law
- maintaining a nondistortionary policy environment, including macroeconomic stability
- investing in basic social services and infrastructure
- protecting the vulnerable
- protecting the environment

“To make development stable and sustainable, the state has to keep an eye on the social fundamentals,” it reads. In other words, prevent lawlessness and promote stability.

Public policies and programs must aim at ensuring the benefits of market growth are shared through basic investment in education and health care. The report also promotes the idea of businesses, labour and community groups providing social services.

In the chapter “Bringing the state closer to the people,” the report talks at length about involving NGOs in the delivering of core services as a means of empowering people. A mention of cooperatives is conspicuously absent.

Assuming that the private sector can always manage better than government, the report refers to public share offerings as an option for privatization that includes people. One is left to reason why the public should be asked to pay for something it already owns.

The report also sites the New Economic Program used by the Malaysian government to increase Malay representation at universities and in the economy as a stellar example of how governments can ensure equal distribution of wealth. This



Burmese Workers' Co-ops exploited by exporters

is a controversial policy based on racial discrimination against minorities.

Market incentives can be used to discourage polluters, it says, like more flexible and self-regulation. Deregulation and privatization of industries is dressed up as "effective regulation."

What the report calls "reinvigorating state institutions by providing incentives for public officials to perform better," is really a call for decentralisation of government services and contracting out.

It also states the need for an independent judicial system, an assault on corruption, broad public participation, the need for a merit-based system of recruitment and promotion in the civil service, and adequate compensation.

Global integration of economies is the World Bank's answer to:

- managing regional crises
- promoting global economic stability
- protecting the environment
- fostering basic research and the production of knowledge
- making international development assistance more effective

The report advocates a first and second generation plan for state reform. The first is aimed at crisis management, reducing inflation and restoring growth. It proposes drastic budget cuts, tax reform, price liberalization, trade and foreign investment liberalization, deregulation, reallocation of social funds, cuts to the civil service, and privatization.

The second generation of reforms are intended to improve social conditions and competitiveness to maintain macroeconomic stability. They include civil service reform, labour reform, restructuring of social ministries, judicial reform, modernising the legislature, upgrading regulatory capacity, improved tax collec-

tion, large-scale privatization, and the restructuring of central-local government relationships.

Analysis

The tenor of the *World Development Report 1997* is almost religious in its commitment to the free market.

"The global economy already lies in the hands of big business. Of the 100 largest economies in the world, 51 are corporations. The combined sales of the world's top 200 corporations are higher than the combined economies of all countries (182) minus the largest nine. These 200 have also been the net job destroyers in recent years. Their combined global employment is only 18.8 million, less than a third of one-hundredth of one percent of the world's population."

It accepts theory as truth: that state-dominated development has failed completely, that unfettered world capitalism can create economic prosperity for all, and that the private sector will better manage public assets and preserve the environment.

While calling on states to "do only what they are capable of doing and to reinvigorate public institutions," the report is really advocating states give the private sector free

reign, pare down their involvement in the economy and off-load the delivery of social programs.

This raises serious questions about accountability. In a democratic society and even unelected governments, to some extent, must answer to the people. In a society controlled by free enterprise, where do people have a say?

Can the public really trust unencumbered profit-oriented multinational corporations to pay fair wages, to safeguard human rights, and to preserve the environment for a sustainable future? One look at their track record in the industrialized world raises serious doubts.

A recent report on globalization released by the United Nations has shown that manufacturing jobs have moved to low-wage countries, but that people in the developing world are remaining poor and without basic social programs. The impact on the environment is devastating.

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The World Bank's vision of a powerless state in the global economy is being fully realised in the industrialized world in the new Multilateral Agreement on Investment (being negotiated at the Organisation for Economic Cooperation and Development), which follows on the heels of other trade agreements like the General Agreement on Tariffs and Trade and the North American Free Trade Agreement.

The MAI will promote the unregulated flow of money and goods across borders, stripping elected governments of their regulatory authority and shifting power to unaccountable institutions like the World Trade Organisation.

The MAI would also ban a wide range of regulatory laws now in force around the world. Corporations will use the threat of job losses to force countries to treat foreign investors like domestic companies, and to compete with each other to lower environmental and labour standards. Laws on local job creation and community investment would be thwarted.

The agreement goes even further, giving corporations the right to sue city, state or national governments before an international tribunal whose decisions are binding. Yet, governments would enjoy no reciprocal right to sue corporations on the public's behalf.

The World Bank's record in the developing world is telling of its attitude towards the state, and its callous disregard for the poorest of the poor.

States in crisis have been held hostage by loans and interest rates, and forced to implement the World Bank's structural adjustment policies, causing even more suffering.

Experience has shown that the reduction of government expenditure invariably hits the poor the hardest by reducing their access to jobs and basic social services, and doubling the heavy workload on women in the society who are already participating in the economy by off-loading responsibility to care for the sick, the elderly and children. This weakens the physical and intellectual capacities of the work force on which capitalism depends.

Focus on export-oriented production based on incentives for foreign investors exploits low-wage



Challenging World Bank move to privatise agricultural services in Sri Lanka - Farmers' meeting at Kandulla Colonisation scheme

workers. Increased focus on large scale, export-oriented crops bankrupts small farmers, threatens local food security, and damages biodiversity.

Cooperatives, a vehicle for the poor to achieve social justice, are also adversely affected by structural adjustment policies. As government concessions, loans and subsidies are reduced, cooperatives are put in direct competition with the private sector. Co-op members, most of whom are poor and marginalised, take a disproportionate share of the burden of social cuts, retrenchment and have difficulty securing credit required for economic development.

The "miracle" economies of East Asia glowingly referred to in the report have grown so fast that recently their currencies were devalued, which will result in a drop in already low real wages and increase unemployment.

Most people in these countries are still a long way from enjoying the basic benefits of adequate health care, food and income security, and other social programs.

Even industrialized nations who have followed this model of development, like the United Kingdom, have seen the disparity between rich and poor grow dramatically over the past ten years. Continuation of this trend would make even capitalism unsustainable.

The links between macroeconomic policies and the deterioration of the social welfare of people is clear. It is true that drastic state reforms are needed in many developing countries.

Yet, it is hard to imagine how dismantling the role of the state in the economy to the extent promoted by the World Bank will hold meaningful benefits to the poor.

In the global economy, it will become more impossible for states to protect their citizens, their resources and the environment from exploitation by the powerful multinationals.

The World Development Report 1997 is published for the World Bank by Oxford University Press.

Social Development in the Asia-Pacific – Cooperative Action on the Social and Earth Summit Resolutions

Upali Herath

The NGO Forum on Social Development in Asia and the Pacific, held in Kuala Lumpur in September 1997 will reveal how successfully cooperatives are supporting social development, alleviating poverty, creating employment and sustainable livelihood.

The international cooperative movement has placed increasing emphasis on human values in the operation of cooperative enterprises. Social values have been accepted in some organisations at the expense of astute business practices while, in developed nations, cooperatives have grown into large corporations that have lost touch with social and community development.

In his speech on the first UN-declared International Day of Cooperation in July 1995, the Secretary-General said, "Cooperative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the task of creating productive employment, overcoming poverty and achieving social integration. They constitute a model for a people-centred and sustainable form of societal organisation, based on equity, justice and solidarity."

The ICA Congress in Manchester answered this challenge by adding a new principle – concern for community. Focusing on members, it requires cooperatives to work to-

South East Asia have used cooperatives as a vehicle to deliver economic and social programs to poor communities. While cooperatives have viewed this as support, they have struggled to preserve autonomy and independence as user-owned, member-driven organisations. The ICA established a biannual Cooperative Ministers' Conference to improve understanding between governments and cooperatives.

Both the Earth and Social Summits provided recommendations the cooperative movement has used to form its model for sustainable development, including redefining the roles of both governments and cooperatives.

Discussions on this relationship have focused on the capacity of cooperatives as independent, member-based organisations to build communities, and government's need to build partnerships with institutions that develop the democratic tradition and create a self-reliant society.

The cooperative movement has sought policy changes that will empower people in the lower strata of the community. Participation is the cornerstone of cooperation. In the case of transitional economies, cooperative policies have been unclear and the private sector has gained a competitive advantage (with some exceptions).

The Social Summit called on government to implement measures to open market opportunities to people living in poverty and the disadvantaged, and to encourage individuals and communities to take economic initiatives. During this transi-



Patients at co-op hospital in Nagoya, Japan make crafts out of recycled materials

The United Nations Social Summit at Copenhagen in March 1995 and the previous Earth Summit held in Rio de Janeiro in 1991 acknowledged the vital role cooperatives play in sustainable development.

wards an economically, socially and culturally sustainable community.

Enabling an environment for social development

Governments in South and

tional process, many producer and marketing cooperatives have declined.

"The Social Summit recommendations on the Uruguay Round of multilateral trade talks and consequent WTO agreements have had a mixed impact on cooperatives. Primary agricultural commodities and producers saw increased exports, while local producers suffered lost market share to imports."

Governments have taken the positive step of relaxing legal barriers and policies to allow efficient and competitive micro-financing, which leads to the creation of formal and unconventional credit facilities for the poor. Commercial and transnational banks have also begun extending credit facilities to rural sectors.

Partnerships with finance cooperatives can strengthen the cooperative sector in poor communities. Still, opportunities for cooperatives to use surplus capital to benefit their members have not been fully realised. In many developing countries, commercial banks use these surpluses to invest in private sector, profit earning ventures to the disadvantage of depositors.

Social Summit recommendations on the Uruguay Round of multilateral trade talks and consequent WTO agreements have had a mixed impact on cooperatives. Primary agricultural commodities and producers saw increased exports, while local producers suffered lost market share to imports. The Summit called for, "fair competition and ethical respon-

sibility in business activities and enhanced cooperation among governments, the private sector and civil society," still many governments were not able to facilitate a smooth transfer from closed economies to open market economies.

Structural adjustment programs have not been beneficial to cooperatives because they dismantle the protection they enjoy in a welfare state. The Social Summit called for, "fiscal systems and other public policies that are geared towards poverty eradication and do not generate social divisive disparities," by re-examining the distribution of subsidy systems to ensure they benefit people living in poverty and the vulnerable. International financing institutions have discouraged local farming in favour of commercial export cultivation, which threatens food security and subjects developing economies to world market trends set by transnational companies.

A cooperative contribution to alleviating poverty

Eradication of absolute poverty and the reduction of overall poverty was the focus of the Social Summit recommendations. It acknowledged the potential of cooperatives to attain social development goals and eliminate poverty.

Cooperatives can:

- ◆ mobilise disadvantaged groups into self-help, self-reliant organisations;
- ◆ provide self-employment opportunities and resources;
- ◆ teach skills in self-management and leadership;
- ◆ strengthen access to markets;
- ◆ provide basic needs and the resources to acquire them;
- ◆ offer vocational training and new technology for production, marketing and service industries;

- ◆ promote sustainable livelihoods by building capacity and mobilising resources;
- ◆ create awareness of environmental and health issues and encourage values, policies and strategies.

The history of the cooperative movement in Asia and the Pacific demonstrates cooperatives in this region have enormous ability to reach the poor. Of ICA's global individual membership of 835 million spread over 97 countries (40 per cent of the world's households), 500 million reside in 26 Asian Pacific countries. A UN report indicated that 2.3 billion people or 57 per cent of the total population of developing countries are closely associated with cooperatives.

The credit cooperative sector is the largest type of cooperative functioning in most countries. Micro-financing is vital for the survival of rural communities. Over 70 per cent of people in the developing countries in South Asia live in rural areas. Credit cooperatives provide daily advances to street hawkers to long-term farm investment loans.

Agriculture sector financing has been dominated by cooperatives,

"The Summit called for, fair competition and ethical responsibility in business activities and enhanced cooperation among governments, the private sector and civil society,' still many governments were not able to facilitate a smooth transfer from closed economies to open market economies."

and they also participate in production, processing and marketing ventures.

Newer types of cooperatives include workers cooperatives, which have become an option for people employed in activities as diverse as rag-picking, garbage recycling and the sex trade.

Social housing has become a successful cooperative venture for the urban lower middle class. Health care cooperatives are also growing and the Asia Pacific Health Cooperative Organisation formed in August 1997. They provide an alternative to private health care, including medical services and preventative care.

Fisheries cooperatives have become the most stable institution in the voluntary sector to serve poor fishing communities. They provide marketing services, fishing gear and insurance. Youth and women's cooperatives are also reaching the disadvantaged.

The cooperative movement has faced certain challenges as governments cope with structural adjustment. Land reforms, commercialisation of agriculture and the withdrawal of subsidies have posed serious problems. Increased use of environmentally harmful chemicals in agriculture affects South Asia particularly.

Employment and sustainable livelihood

As government services shrink, more people are unemployed. Cooperatives offer employment on both a full and part time basis. They have contributed in several ways:

- through direct employment in cooperative enterprises;
- indirect employment through self-employment;
- provide vocational education and training.

Cooperatives' most important contribution to sustainable employ-

ment is to provide resources and opportunities for self-employment through:

- entrepreneurship development;
- training related to the vocation or enterprise;
- credit;
- consistent markets.

Cooperatives can help realise sustainable livelihood by:

- using resources for regeneration;
- discouraging over consumption of resources;
- raising environmental concerns;
- providing basic human needs.

Environmental sustainability is a major concern as nations industrialise and overconsume resources. Cooperatives must not only offer sustainable production, but responsible marketing.

Cooperatives believe that empowerment comes through education. Cooperatives have even grown to function as universities or business schools.

Governments can work through cooperatives to educate and help preserve the environment by:

- providing cooperative education and training through government institutions;
- subsidising training on vocations related to cooperatives;
- providing entrepreneurship development programmes for co-op members;
- offering tax concessions for educational activities.

Cooperatives in social integration

Cooperatives are, by their nature, social entities committed to equality and democratic governance.

Co-op members have been active in peace and social justice initiatives from their beginnings.

"The cooperative movement has faced certain challenges as governments cope with structural adjustment. Land reforms, commercialisation of agriculture and the withdrawal of subsidies have posed serious problems. Increased use of environmentally harmful chemicals in agriculture affects South Asia particularly."

Cooperatives can also create opportunities for disadvantaged groups. They can educate and discriminate against products that are harmful for human consumption. Co-ops can also bring producers and consumers closer together, adding value to products that meet specifications.

Mutuality and consolidation among cooperatives helps to build social harmony.

Conclusion

The Social and Earth Summit resolutions have been adopted by cooperatives and have strengthened them in working towards a sustainable community.

Governments are reaching out to social and economic organisations as they withdraw from direct participation in the development.

Cooperatives offer people-based and sustainable solutions to alleviate poverty and ensure social justice.

Cooperatives: A form of sustainable development?

Cooperatives have a strong potential to become a form of sustainable human development by nature of their social and economic structures, using the United Nations Development Program (UNDP) definition of "sustainable human development." This definition implies that sustainable human development can only be achieved when both economic and social goals are maintained and balanced. The very principles of cooperation outline that cooperatives should be true not only to their economic goals, but also to their social ideals. The question that remains is: how well do cooperatives live up to their potential in practice?

During the 1950s and 1960s, many governments, non-governmental organisations (NGOs), and even the United Nations agencies saw cooperatives as the solution for all types of social and economic problems. Business people, politicians, NGO workers, and others in the development field turned their attention to cooperatives, but not to members. Resources were poured into creating new cooperatives, especially in developing countries (Craig 1993: 38). This top-down approach to cooperatives often ends in failure, and has cast heavy clouds over the meaning and role of cooperatives in many economies.

A cooperative is stronger socially or economically, depending upon the context in which it operates. At least in the ideal sense, the cooperative social and economic goals should not be incompatible; they should complement each other. In practice, however, co-ops often emphasise one goal over another. It is difficult for cooperatives in the Philippines to achieve a strong and viable economic structure; and hard for cooperatives, particularly credit unions, in Canada to live up to their social goals.

*Extracted from an International Development Studies research paper by **Consuela M. Tulus** for the University of Toronto, Canada*

Globalization through modern free trade deals and an ever-decreasing role for government in the economy is a "paradigm that involves the reduction of the power of the communities" (Fairbairn et al. 1991: 10). The role of the government is also important. Co-op legislation within government should clearly specify that development will be based on co-op principles, and that a cooperative is distinct from both public and private corporations.

Two case studies, Cebu People's Multi-purpose Cooperative in Cebu, in the Philippines, and Metro Credit Union in Toronto, can be used to illustrate how successful they are in putting theories into practice, and in meeting their potential as a potent force in sustainable human development.

The Philippine Case Study: Cebu People's Multi-purpose Cooperative

Cebu People's Multi-purpose Cooperative, at that time known as the "People's Credit Cooperative Inc." or PCCI, was started solely as a credit cooperative in 1972. The services provided by PCCI in the beginning include savings, petty cash loan, emergency loan, regular loan, and training. It has since expanded its services to include social services such as the Mortuary Aid Network and the Mutual Aid Program. In 1993, PCCI changed its name to Cebu People's Multi-purpose Cooperative.

Today, 80 per cent of CPMPC members come from the urban poor, living mostly in the low-income areas of Cebu City. The Board of Directors

allows all sectors to be represented: youth, women, small businessmen and entrepreneurs, employees, farmers, sidewalk vendors, and professionals. Although there are no legal barriers for these groups to run for a position in the Board, many are still underrepresented. Total membership reached 2434 (regular members) at the end of 1995. Because of its relatively large membership, CPMPC has organised members into chapters. There are twenty existing chapters today, with a membership ranging from 30 to 300.

Vision

"We envision a cooperative that is pro-people, viable, organisationally strong, economically stable, service-oriented and responsive to the needs of its members and community - a co-op that has relevant programs and services as a vehicle to total human development, owned and managed by dedicated, knowledgeable, dynamic and progressive cooperators, grounded by holistic cooperation ideals, dignified with the values of self-reliance, justice, freedom and democracy".

Mission

"To serve as a vehicle for total human development through evolving alternative and relevant programs and services. To serve as an agent in promoting holistic co-op values and ideals through continuous education and a catalyst for social change".

Goals:

- To provide support services among cooperators geared towards establishing viable livelihood projects;
- To develop effective programs on skills enhancement and capability building for members, leaders and staff;
- To develop, launch and initiate

group centred socio-economic projects in the community;

- To ensure continuous education promoting cooperative values, gender equality and other concerns.

(unpublished manuscripts for CPMPC)

CPMPC and the Principles of Co-operation

The goals, mission and vision statements of CPMPC affirm CPMPC's role in the community. Has CPMPC lived up to its potential?

In order to assess the effectiveness of CPMPC's services and programs, and the members' perception, 198 members were interviewed. The tables below show the social and economic indicators that were presented to the members in the questionnaire. For each indicator, the respondents were asked to rank, on a scale of one to ten (one being the lowest benefit), the extent to which their co-op membership had an influence these benefits.

Economic Benefits

There were seventeen items presented to the members in the questionnaire relating to economic benefits. The highest ranked indicator is access to credit, which receives an average score of 6.7. Other closely ranked items include additional sources of income (6.5) and improved business operations (6.5). These scores suggest that the co-op has succeeded in meeting the most pertinent need of the members, which is access to credit.

On the other end of the scale, those indicators receiving low scores are: increased capacity to send children to school (4.9); increase in the number of appliances owned (3.9); sure buyer of produce (4.7); and more land owned, which received the lowest score (3.0). This is not surprising, since these items are not the top priorities of the co-op in the first

place.

When respondents were asked what was their main reason for joining the co-op, the majority of them said it was to avail a loan from the co-op. To the extent that the cooperative has been able to fulfil the number one concern of the members, it can be deemed a success, with room for improvement.

Social Benefits

It is interesting to note that social benefits received a higher rating overall than economic benefits.

The highest rated item was feeling of pride in being a co-op member, and feeling of loyalty to the group (7.3 and 7.2 respectively). Ability to work with others in a group, ease in the company of others, and feeling

Table 1. Members' Perception of Economic Benefits

	<i>Mean</i>	<i>S.D. *</i>	<i>Chi-square</i>	<i>Signif. level</i>	<i>d.f. **</i>
Access to credit	6.713	1.769	66.28	0	8
Additional sources of income	6.487	1.973	73.39	0	9
Improved business operations	6.483	2.223	57.78	0	9
Increase in income	6.303	1.749	105.69	0	9
Access to cheaper source of credit	6.298	1.648	131.19	0	9
Less dependence on government	6.204	1.770	107.31	0	9
Larger savings	6.196	1.569	100.94	0	8
Increase in working capital	6.132	2.234	46.95	0	9
Increased capacity for self-help	6.069	1.842	110.86	0	9
Expansion of business operations	6.040	2.455	46.02	0	9
Better business skills	6.028	2.306	59.897	0	9
Better repayment capability	5.889	2.004	85.028	0	9
Better business knowledge	5.844	2.250	69.99	0	9
Increased capacity to send children to school	4.904	2.482	31.59	0	9
Sure buyer of produce	4.677	2.398	141.66	0	9
Increase in number of appliances owned	3.896	2.289	58.92	0	9
More land owned	3.00	2.406	167.696	0	9

* S.D. = standard deviation
** d.f. = degree of freedom

of belonging in a group all received a score of 6.9. The cooperative has succeeded in fostering a sense of community amongst its members. It has become more than just a place to put their savings; it has become integrated into the daily lives of the members.

Some of the other important items, however were not rated as highly by the respondents. Realisation of leadership potential, and enhancement of leadership qualities, for example, only received 6.5 and 6.4 respectively.

On the same note, ability to voice out one's opinions and sentiments on co-op issues (important in the democratic process), less fear or timidity in approaching co-op officers and staff, and improved self-confidence or self-esteem also receive 6.5 on the scale.

The co-op seems to have done better socially than economically overall. The effect of CPMPC on the social development of the members seem to be linked more to the strengthening of relationships within the organisation rather than the development of skills and capabilities.

Expressions of pride and belonging, together with sentiments of loyalty and ownership which members generally feel toward their co-op group, are expected to contribute to the cohesiveness of the organisation. However, the co-op has not done as well in developing members' leadership skills, and should strengthen its training programs for the development of leadership skills.

The CPMPC case study indicates the challenges facing cooperatives in a market-oriented system. The majority of CPMPC members are the urban poor. Because they lack collateral, many of them had difficulty acquiring credit from private banks, and sometimes had to resort to pawnshops or loan sharks, who charge exorbitant interest rates. For these members, CPMPC has become an alternative to their pressing economic problems.

CPMPC has also become an alternative in many other ways, as is evident by its expanding social services. The strong social cohesion of CPMPC has allowed it to become a medium for members to organise through chapters and collaborate on various projects cooperatively.

Sustainable human development entails both a strong social and economic orientation. CPMPC is socially strong, but economically weak. In this sense, CPMPC is not meeting its full potential as a sustainable form of human development. Both external factors, like government intervention and economic policy, and internal factors, especially those related to membership, influence the development of a cooperative.

Table 2. Members' Perception of Social Benefits

	<i>Mean</i>	<i>SD*</i>	<i>Chi-Sq.</i>	<i>Signi. Lvl.</i>	<i>d.f.**</i>
Feeling of pride in being a co-op member	7.32	2.211	92.40	0	9
Feeling of loyalty to the group	7.2	2.085	73.80	0	8
Ability to work with others in a group	6.948	1.529	117.29	0	8
Ease in the company of others	6.910	1.771	106.10	0	9
Feeling of belonging in a group	6.863	1.810	118.70	0	9
Interest in co-op issues	6.809	1.473	95.05	0	7
Feeling of ownership of co-op enterprise	6.759	1.955	67.59	0	8
Sense of satisfaction in participating in co-op affairs	6.579	1.881	76.17	0	9
Awareness of co-op issues and affairs	6.555	1.777	66.63	0	8
Ability to analyse problems and form effective solutions	6.533	1.549	102.96	0	8
Able to voice out one's opinions/sentiments on co-op issues	6.528	1.810	60.45	0	8
Realisation of leadership potential	6.486	1.601	97.19	0	8
Improved self-confidence /self esteem	6.473	1.576	113.36	0	8
Less fear or timidity when approaching co-op officers/staff	6.450	1.840	54.98	0	8
Enhancement of leadership qualities	6.381	1.619	81.31	0	8
Feeling of control over one's life/destiny	6.088	1.085	65.35	0	8
* S.D. = standard deviation					
** d.f. = degree of freedom					

External Factors Influencing the Development of Cooperatives in the Philippines

The Political and Economic Environment

One of the biggest problems in the relationship between the government and the cooperatives in Asia is

the government's interventionist role in the co-op movement. This is telling in the case of the Philippines, where first the government, not members, established co-ops to meet economic and social objectives. In the 1990s, the government deregulated the economy, ignoring NGOs and co-ops. The state should help create a positive environment for co-ops, allowing them to achieve autonomy and independence.

Co-ops in the Philippines are sheltered from direct competition with private businesses, so they are not pushed to strengthen their economic structure. In Canada, banks are forcing credit unions to strengthen their capital base in order to build up their competitive edge. If credit unions in Canada do not remain competitive, they are pushed out of the market. In the Philippines, there is little incentive to do this, so that co-ops become socially strong, but often economically weak.

Internal Factors Influencing the Development of Cooperatives Philippines

Factors relating to Membership, Management and Leadership

In the Philippines, the co-op education program is usually quite strong, with continuous seminars being conducted on a number of issues. Most cooperatives are relatively small (vis-a-vis Canadian co-ops), so there is a lot of room for participation in the co-op.

Because of the relatively small size of the co-ops, there are few professional managers who are concerned with the bottom line. And because most of the members belong to the lower, and lower-middle income groups, it is hard for many co-ops to build up their equity or capital base. Members must turn to the co-op as an alternative to health care, to education for the children, to acquiring a loan to start a small business because there is no social safety net. These internal factors have led cooperatives in the Philippines to allow social goals to prevail.

The Canadian Case Study: Metro Credit Union

Brief History of the Cooperative Movement in Canada and Ontario

The cooperative movement in Canada started with the Desjardins movement in Quebec in the early 1900s to combat usury problems. The first people to become members of this co-op were blue-collar workers. The first co-ops in Canada were unregistered, unincorporated and unrecognised institutions which were often located in the houses of one of the organisers. Credit unions all over Canada enjoyed a special "niche" in the market, until banks were able to release personal loans to the average citizen in the mid-1960s. As credit unions were forced to compete with banks, they became more economically efficient. On the other hand, credit unions do not have the huge assets that banks have, so it becomes harder

provide and maintain certain types of services that members expect. This dilemma is still pertinent to credit unions today.

Unlike the Philippine cooperative movement where the government played a strong intervening role, the Canadian cooperative movement was started by the local members of the community. The federal and provincial governments do not use cooperatives as instruments to enhance their own social or economic program like in the Philippines. Canadian cooperatives, at least in their beginning stages, have a strong connection with the community that they serve.

Metro Credit Union, Toronto

Metro Credit Union (MCU) was created in 1949 as the University of Toronto Employees Credit Union. MCU started as a closed-bond cooperative. Today, MCU is an open community-based co-op, and is open to all residents and employees in the cities of Toronto, Etobicoke, Scarborough, North York, East York and the city of York. As of December 31, 1996, MCU had assets totalling \$224 million, with a membership of 28,900. This puts MCU among the ten largest in Ontario, and the forty largest Canadian credit unions with a staff of 97 serve the members at nine branches.

MCU and the Principles of Cooperation

In 1996, Metro Credit Union hired EthicsScan to perform a social audit on the co-op. This social audit was conducted to assess how well MCU is meeting its own social and ethical standards, as well as social and community expectations. EthicsScan noted in its report that although the members who completed their questionnaires were chosen randomly, only a very small percentage (13 per cent) of the original sample of 400 randomly chosen members responded.

It is questionable whether the findings of the 52 respondents represent the rest of the MCU members. Instead, some staff, Board member, and member responses will be given reference in the following discussion. However, one should be cautious in making inferences from the sample to the population. All members are free to leave as they were free to join the cooperative. The majority of the members hold occupations in universities or colleges, in the Boards of Education and hospitals. Since expanding its bond of association, MCU membership encompasses more lower-middle to upper-middle income levels (Interview March 20, 1997).

MCU members elect a thirteen-member Board of Directors (BOD) who serve a voluntary three-year term. The Board meets once a month to review the minutes of the previous meeting and reports of standing committee, as well as discuss new business and financial operations. The standing committees are appointed by the

Board. Attendance at the Annual General Meetings (AGMs) is relatively high for a Toronto credit union, but is it sufficient to have only 600 (out of nearly 30,000 members) attend these meetings? Of the interviewees, no one could remember a member outside of the Board putting forward a resolution. They conclude that the Board is generally successful in having its proposals approved (Ethicscan 1996: 81).

Furthermore, an estimated 100-200 members leave the AGM before voting. This brings the percentage of members who do get to vote to less than two per cent! Members also expressed concern that the BOD does not communicate to members the type of skills needed for running for a position in the Board (Ethicscan 1996: 84).

However, when member-respondents were asked if they felt that the Board was accountable to the members, a large percentage (83 per cent) stated that they were satisfied with the Board's accountability to members. For the staff, 78 per cent of those interviewed said that they felt they could get their ideas and suggestions heard by senior management (Ethicscan 1996: 86, 176). Therefore, despite the low turn-out in the annual general meeting, Metro Credit Union does attempt to promote democratic member control by making the Board and management available for staff or member consultations.

Metro Credit Union offers a wide range of economic services to the members. These include loan services, deposit services, RRSP sales, RRIF (Registered Retirement Income Funds) sales, Ethical Funds sales (funds that meet high standards in financial performance and social responsibility), and the offers of credit cards and member cards to be used at any Automated Teller Machine. Thus, on the surface, MCU looks just like any other bank, offering full financial services that private banks would offer, the difference being its membership fee and paid dividend.

Members and staff respondents were asked whether they feel that they have a say in the decision-making process of the co-op. Although members interviewed were quite satisfied with their access to information, 68 per cent of the staff interviewed said that they were not consulted before decisions were made by the management team. Non-management staff also said that they were never given the chance to see the budget or expenditure results, and felt that they were being left out of the decision-making process (Ethicscan 1996: 107-8, 111).

MCU has entered into business relations with other organisations in the past. For example, MCU worked with the NDP provincial government for establishment of community loan funds. However, MCU has maintained its autonomy throughout, and accountable to the members, and decision-making powers with the board. MCU publishes a quarterly newsletter which is available to

members. This newsletter serves as a way for MCU to keep members from all nine branches updated regarding the operations of the cooperative (Interview March 20, 1997).

One innovative project of MCU in the field of training is called "Car Facts". This is a free advisory service for credit union members who are thinking of buying a car. Videotapes, made by the Credit Union Central of Saskatchewan, are also used by MCU to provide a step-by-step guidance in several topics, such as first-time home buyers (unpublished manuscript for MCU).

Education does not mean simply a distribution of information. Members of cooperatives must be fully aware of their responsibilities and obligations as members. In the area of education about cooperative principles, many felt that the co-op could do more. One external stakeholder estimated that 95% of Ontario credit union members do not know about the co-op principles. 67% of the Board members interviewed felt that credit union education materials are not strong enough. Most of them also felt that MCU can and should do more in the area of education, such as encouraging more volunteers and staff to take part in the CUDA (Credit Union Director Achievement) program. However, most members who were interviewed were satisfied with the co-op's education on financial matters (Ethicscan 1996: 182).

There is a strong cooperation between MCU and the Credit Union Central of Ontario (CUCO) and has also entered into a relationship with other co-ops in the area. MCU is also cooperating with some other credit unions in trying to set up a community loan fund for micro-enterprise development.

Metro Cr dit Union, one of the largest credit unions in Ontario, is unique because while economically strong, it has also tried to maintain its social dimension. For example, the Gary Gillam Award for Social Responsibility was recently established by MCU and CUCO. MCU will contribute up to \$2,500 to be donated on behalf of the recipients to a charity, organisation or project of his or her choice. Another way MCU has demonstrated its concern for the community is the leadership role that it has taken in establishing a self-sustaining community loan fund. This loan fund is designated for individuals or organisations who would normally not be able to acquire a loan. The credit risk in this case would be diversified among all participants, so the risk for each individual investor is reduced. MCU is finding it very hard to mobilise local groups because of the high risk factor.

MCU has also maintained its commitment in the community by allocating about two per cent of its pre-tax earning to charity and the community. At the end of 1996, seven local organisations in Toronto received donations from MCU (*Members' Newsletter January 1997: 7*).

According to the findings of the Ethicscan study, the Board and volunteer interviewees rated MCU poorly in terms of support for community economic development. Even though MCU does more than the average credit union or caisses populaire, interviewees saw the potential to do a lot more. These same people also thought that MCU is weak in its ability to foster small business lending. Likewise, Board and volunteer interviewees felt disappointed over the rate at which MCU is dealing with environmental responsibility. The staff respondents were even more blunt, saying that there is no environmental responsibility in MCU.

Despite the low ratings in some areas, MCU differentiates itself from most other credit unions by its commitment to social responsibility and community development.

External Factors Influencing the Development of Cooperatives in Canada

The Political and Economic Environment

Co-ops have the same characteristics of capitalist organisations while viewing themselves as non-capitalist. They never replace capitalism; instead, they are seen as an alternative to privately-owned businesses.

Credit unions became the first reliable, user-friendly organisations to provide affordable loans to the average Canadian citizen (Interviews, March 20, 1997 and March 30, 1997). They found their "niche" in the market of consumer loans. The government, in a way, has put credit unions into direct competition with banks, by changing the bank legislation. In the 1980s, private banks started to "invade" what was previously credit unions territory. Credit unions were also affected when industries started downsizing (Guinney 1994: 4-6).

They were forced to adapt to these changes. As many co-ops started to "mimic" the methods of the private businesses in order to survive the competition, they undermined the foundation that sets co-ops apart from private corporations (International Joint Project 1995: 16). The economic environment in Canada is forcing cooperatives, especially credit unions, to become more competitive, to strengthen their economic structures and provide various economic activities that private banks provide, as they struggle to maintain the loyalty of their members.

The government has also facilitated the credit unions' entry into the market in other ways. With the rising interest rate in Canada, credit unions found it very hard to establish equity and reserves using a fixed term interest rate (Co-op Futures Direction Project 1982: 75). Many credit unions were forced out of the market because of high losses. The Ontario government responded by creating the Ontario Share and Deposit Insurance (OSDIC)

in the 1970s. Credit unions paid an insurance premium to this government-owned subsidiary, which guaranteed the loans of members up to a certain amount (Interview, March 20, 1997).

To solve the problem of lack of equity, Gary Gillam, former CEO of MCU, was a key leader in putting together a working committee to change the Credit Union Act in 1991. Under the old Act, credit unions were only allowed to issue one type of shares to members, called membership shares. Bill 134 enables credit unions and caisses populaires to issue shares for investment purposes to members and non-members. The Bill would also insure credit union and caisses populaire deposits up to a maximum of \$60,000, under OSDIC (which was later changed to the Deposit Insurance Corporation of Ontario, or DICO). The Bill was meant to "build on the credit unions' strength as locally-based financial institutions, while at the same time, assisting them to compete with some of the larger financial institutions operating in their communities".

In their relationship with government in Canada, credit unions have been able to maintain their autonomy from the beginning. Unlike the case in the Philippines, the government has put few restrictions on credit unions and in fact helped them compete with banks.

Internal Factors Influencing the Development of Cooperatives in Canada

Factors relating to membership and management.

The biggest internal challenge to cooperatives in Canada is the dwindling member participation and loyalty. As members become more integrated into the economic system, they feel less need to participate in cooperatives (Fulton 1990: 71). With the growth of the credit unions, many co-ops and credit unions have had to hire professionals to manage the operations of the co-ops. Usually, these professionals come from the private sector, and do not possess an adequate understanding or appreciation for the distinctiveness of cooperative organisations, and lack ideological commitment. As a result, fewer resources were dedicated for the promotion of membership participation.

The Future Directions Project concluded that the utilitarian goals were paramount in Canadian co-ops, and there was a lack of difference between co-ops and the capitalist institutions. Member loyalty wasn't based on an ideological commitment, but on personal benefits. As soon as a capitalist enterprise offers a better deal, members would switch (Melnyk 1985: 116). The bigger credit unions have, as a result, ventured into selling mutual funds (Interview, March 30, 1997). The Future Directions Project also concluded that co-ops in Canada had an "operating style in which membership (did) not fundamentally matter" (Melnyk 1985: 69).

The first real challenge for co-ops and credit unions in Canada, then, is to find new activities and new ways of actively promoting member participation in the co-op. The present Director of ICA-ROAP, and former CCAAsia Region Director, says that in Canada, "members are not given education, but rather information". Credit unions must find legitimacy in membership.

The sheer size of credit unions in Canada is making it more difficult for members to participate in co-op activities. Secondly, the employment of professional management and the adoption of up-to-date business practices may have widened the gap between the members and the management. McGillivray and Ish (1992: 74) believe that it is this gap, above everything else (risk-taking, experimentation) in business undertaking, that is the major challenge for co-ops and credit unions in the future.

Conclusion and Future Implications

The UNDP definition of sustainable human development implies that both economic growth and social justice are necessary pre-conditions to meeting the needs of people today, without jeopardising the generations. Cooperatives must successfully balance the two.

However, as we have seen from the Philippines and Canadian case studies, co-ops often emphasise one goal more than the other. In Canada, the economic goal tends to predominate, whereas in the Philippines, the social goal is dominant. Many internal and external factors play a part in hindering a cooperative's ability to achieve its full potential as both a social and economic enterprise.

In Canada, this means creating an awareness among the professional managers so that they will understand and appreciate the distinctiveness of the cooperative as a social and economic institution. It also means finding ways of maintaining the loyalty of the members in the face of severe competition from private sector.

In the Philippines, the biggest challenge comes from the government's lack of understanding and care in the co-op movement. This has led to interventionist or otherwise wrongful government policies and incentives that do not promote, but rather undermine, the coop movement in the country.

The private cooperative federations must present a united voice to the government to lobby and educate the officials about the coop ideology and principles.

These are the issues that will continue to dominate the cooperative movement worldwide. Their success depends on achieving a balance between social and economic goals. As pointed out by Fairbairn (et. al. 1991: 120), "there is no strict limit on what human creativity, commitment, and cooperation may achieve".

Criticising the Third ICA Principle

Zvi Galor

(Zvi Galor is the Programme Director at the International Institute-Histadrut in Israel)

During its centennial 1995 Congress in Manchester, The International Cooperative Alliance adapted a new list of cooperative principles. This paper refers to the third principle dealing with the relationship between the members and their cooperatives. The principle can be examined on two levels — ownership and participation — using variables that reveal what is wrong with it as it is now, and how it can be changed.

First Variable

The fixed assets of the cooperative

To whom does the cooperative belong? The usual answer in the cooperative world is that it belongs to its members. The point of departure is the assumption that an enterprise belongs to its owners. In most cooperatives the fixed assets do not belong to members, and the value of the fixed assets is not expressed in the value of members shares. This situation results from historical circumstances in western cooperative thinking.

The share capital in the cooperative is the basis of the enterprise. Unfortunately, this notion is understood in different ways in different countries, which leads cooperatives to make mistakes and fail. In this context, the share of each member in the cooperative is of equal value, and the value of all shares capital is exactly the value of the total fixed assets of the cooperative.

There is another approach used all over the world which explains that each share capital has a very minimal financial value, and holds this nominal value throughout the life of the cooperative. The combined value of member shares is minimal, and represents a very small portion of total value of the fixed assets of the cooperative. So, to whom does the rest of the value of the fixed assets of the cooperative belong? The answer offered by those who support the approach recommended by ICA is not very clear.

Here, another factor interferes. Must share capital in the cooperative be remunerated? The cooperatives world's answer is yes, but to a limited extent. Those who favour this approach do not consider the fact that this approach discourages self-financing of the cooperative by its members, (which is the cheapest way to mobilise necessary

funds), and encourage financing from external sources which are often very expensive. Remunerating the share capital of members, generally funded from the surplus money, means taking money away from members to give to members. The argument can be made that share capital should retain its real value, but should never be remunerated.

Another very important concern is the legal reserve fund, required by different cooperative legislation around the globe. The reserve fund is often defined as money to indemnify the cooperative in case of economic disaster. Economic difficulties occur either when the fixed assets of the cooperative have been damaged and money is needed for repair, or when the financial year has ended with a deficit the reserve fund is used to cover it. Where does the money for the reserve funds come from? The legislation in many countries and practice in most cooperatives around the world is to subtract money from the annual surplus of the cooperative earned through member participation, which can differ individually and from year to year. The two uses of the reserve fund presented earlier must be further analysed.

Damages to fixed assets — If the reserve fund is used to pay for damages caused to the fixed assets of the cooperative, it creates injustice among members. Fixed assets are financed by all members equally. Taking from reserve funds means members who participate more in the business of the cooperative pay more for these fixed assets, but their level of ownership remains the same. This is an alarming injustice.

Covering deficits — Using the

money of the reserve funds to cover any annual losses in the business of the cooperative is also unjust. A deficit occurs when the cooperative is not applying the real price of its services or its produce to its clients and members. Using the reserve to cover deficit punishes participating members by

ers of cooperatives. The surpluses, by nature, are the margin of security applied to the on-going operation of the cooperative enterprise. How do cooperatives use profits? In a private enterprise, the net results are distributed among investors. The enterprise looks to maximise its net results to better remunerate their investors. In the cooperative enterprise, surpluses are distributed among all units of members' participation. Since the "raison d'être" of a cooperative is to guarantee to its members the best possible service at the lowest cost. The need for member participation negates profit motivation. The cooperative approach is a balanced approach which seeks to refund surplus to members according to patronage.

Cooperatives make many mistakes when dealing with surpluses.

The first is the practice of dedicating part of the surplus to the fixed assets of the cooperative, which belong to all members equally. In this case, some members contribute more to fixed assets than others without increasing their share. The assets no longer belong exclusively to members, but become the property of an abstract entity called non-divided reserves which belong to nobody. These reserves increase every year, and cause members to behave indifferently towards their cooperative.

Surplus is also used to finance the education of members. The success of a cooperative depends to a large extent on how well members understand cooperative principles through education. Yet, financing cooperative education with surplus creates injustice among members. Two members in a consumer cooperative provide an example. One has held a

Third Principle : Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

asking them to pay the balance that was not charged to other members.

One can argue that members should be charged according to participation, using the same methods used to collect the surplus fund. If the reserve fund is to cover damages caused to fixed assets, it should be collected from all members equally. Cooperatives everywhere are struggling with the question of what to do with the accumulated reserve fund until it is needed. Most cooperatives deposit it in banks, where the rate of interest paid is often below the level of annual inflation. Consequently, the real value of the money of these funds is eroded, making it insufficient when needed.

Second Variable

The notion of surplus

The notion of a surplus is also misunderstood by members and lead-

membership for many years and understands cooperative principles. This member has many children, and his economic situation is not very good. He purchases through the cooperative to feed his family and, by so doing, contributes to the surplus. Another member joins the cooperative. He is young, without children, and his economic situation is sound. He purchases few items in the cooperative, not contributing much to the surplus.

The cooperative decides to use (reference to Rochdale) the surplus to finance the cooperative education of its members. The man who has contributed more to the surplus must now finance the education a member who has contributed less. This practice exists in most cooperatives all over the world. Cooperative education — yes — but never from the surplus.

Using surplus to pay the interests on the share capital is enshrined in cooperative legislation in many countries around the world. An equal amount of interest is paid on shares of equal value to all members in the cooperative finance from a source not created equally by members, but based on member participation in the cooperative business. Why should a member who participates more in the cooperative received the same dividend as a member who participates less. The share capital, which represents the real value of the fixed assets of the cooperative, should not be remunerated in any case.

Using surplus to finance reserve funds of the cooperative is also a mistake. If a cooperative decides to create a reserve fund as a way to safeguard its real value, it should be financed by all members equally.

Profit-oriented cooperatives in many countries falsely believe that a surplus is proof of success. A cooperative is created by and for its members. The best possible service means minimising the surplus by reducing the cost of member participation. There are two types of mem-

bers; those who use the cooperative and those who don't.

Consumer cooperatives, savings and credit cooperatives, housing and insurance cooperatives are characterised by the fact that their members are not employed in the cooperative, the value of share capital is relatively low, and the number of members is not limited. Members are not users in service and producer cooperatives, transport cooperatives, construction and other cooperatives. These are characterised by the fact that their members are employed in the cooperative, the value of the share capital is relatively high, and the number of members is limited to the employees.

What is quality service for members in these different types of co-ops? In the consumer cooperative, providing the best possible quality and at the lowest possible price is good service. In the saving and credit cooperatives, the highest possible rate of interest on savings and the lowest possible rate of interest on loans means good service. In the service or production cooperatives - the highest return for their work is quality service. In all of these are examples, the most important element is to render to members the best possible return. Cooperatives that meet this challenge have the best chances for survival.

Summary

In Israel, there are many cooperatives which follow the approach advocated in this paper and they are among the successful. The Kibbutz, which is the cooperative 'trademark' of Israel, today is abandoning its historical approach of dividing the cooperative from its members in favour of rendering more to its members.

This approach may save the existence of Kibbutz. The Moshav, the transport cooperatives, are practising a model that the cooperative belongs to its members, and that the members and cooperative property are the same.

Cooperate and cut your power bills

by **Graham Monday**, Chief Policy Officer, Cooperatives Policy Branch, Dept. of Fair Trading, Govt of New South Wales, Australia

Around the world, growing numbers of communities are buying, generating and distributing their own energy. A move which is cutting power bills and increasing energy efficiency for consumers.

They are forming cooperatives for bulk-buying muscle and improved energy efficiency as an attractive alternative to traditional forms of energy supplies.

The Australians are eager to jump on the energy bandwagon. Cooperatives in New South Wales and across the country may benefit from sweeping changes to the energy sector — resulting in cheaper electricity bills and increased efficiency.

Cooperative Energy Ltd. is providing services and facilities to enhance the viability of such co-op in Victoria and promoting the option for electricity consumers.

Energising New South Wales

The bulk-buying of energy supplies can deliver significant benefits to both business and the community, according to a Consumer Energy Cooperatives report, commissioned by the NSW Department of Fair Trading.

The report points out that energy cooperatives with their bulk-purchasing power, could:

- negotiate with energy suppliers for a better deal.
- manage energy loads to allow purchase of electricity at cheaper times.
- advise members of the economic advantages of other fuel types.

A Landmark in Cooperative Banking — The Experiment of Indian Cooperative Network for Women

Indian Cooperative Movement

In the 50th year of India's independence, the cooperative movement is celebrating. Democratic values and the spirit of voluntarism have been the hallmark of both the independence and cooperative movements. India's founding fathers saw cooperatives as an ideal vehicle to much needed economic and social reform.

Over the years, this vision has been marred by bureaucratic interventions that created impediments to cooperative efforts. Poor literacy rates and other social ills that exist in India necessitated government checks and balances, but then intervention began encroaching upon the autonomy and independence of cooperative structures.

Member Participation – Key to Success

Cooperative ventures that have been successful against the odds have done so by encouraging member socio-economic participation

Jaya Arunachalam *President ICNW*

through a democratic process. Co-ops created an environment where people could work for community development with a sense of commitment and social responsibility. Cooperation is more than ideology. These experiments have proven ability to adapt suitably and sensitively to the needs of their clientele and adopt strategies to circumvent the obstacles in their way.

Working Women's Forum India, a social movement of women in the informal sector, was initiated by Ms. Jaya Arunachalam to organise poor women by trade in a structure that facilitated the member participation at all levels. This women-intensive venture addressed the critical needs of poor women for training, education, health, empowerment and credit. In the absence of any other mechanism to pull those without assets out of the vicious cycle of pov-

erty, credit was the only option. Credit facilitates the transition of women from poverty to economic standing and social status in the communities in which they live and work. The Indian Cooperative Network for Women was founded as the credit wing of the Working Women's Forum, fully adopting the rules of the central cooperative registration of the Indian Government. Initiated with 800 members, today it has grown into a cooperative movement of 450,000 women.

The ICNW — a cooperative banking venture that began as a small experiment in the urban slums of Madras — soon evolved into a mass movement where thousands of women participate in 15 different regional, cultural, linguistic and ethnic contexts. This growth was made possible because of the commitment and ideology of the organisation to retain the grassroots identity of the cooperative bank.

Breaking Conventions

From the outset, ICNW disproved the notion that poor people were non-bankable by achieving a remarkable repayment rate of 95 per cent. This was done without compromising its commitment to reach the poorest women. ICNW has confirmed that poor people are indeed credit-worthy. Informal and flexible banking operations are the key to ICNW's success. Initially, credit provision was taken up by nationalised banks subject to a guarantee by the parent body, Working Women's Forum, to processing loans and ensure repayment. Rigid formal banking structures posed major hurdles; they could not keep pace with the rapidly swelling membership and were incapable of handling of a large number of small loans.



Women's participation at cooperative meeting - Palsana, Rajasthan, India



Co-op women's handicrafts, Malaysia

Catering to Specific Needs

One of the major reasons for the success of the ICNW is that it has always been sensitive to the requirements and priorities of its clientele. It has constantly devised innovative methods to make the banking operations user-friendly and accessible even to the poorest.

In the ICNW, savings are not a pre-condition for loans. Even the share amount that the members pay is collected after the disbursement of the loan amount. All these measures have been incorporated to ensure that the credit facilities reach those women without assets.

ICNW's original capital fund of 18.2 million rupees has now grown to 210 million rupees, establishing a sustainable poor women's banking network that was made possible through intensive client participation at all levels of loaning procedures.

Beneficiaries – Both Participants and Leaders

ICNW is based on a neighbourhood loan group concept. All stages of its operation are carried out by women at the grassroots — from identifying a potential group to ensuring prompt monthly repayment of the

loan. Even default management and monitoring is taken up by the organisers themselves. It is this participatory approach that has evolved and sustained the ideology of promoting leadership from the grassroots. A majority of the office bearers, directors and members of the board are former rice cake sellers, idli sellers, fisherwomen, and lace artisans who have risen through the rank and file of the organisation to the position of being vice-president and treasurer.

Future Plans

Today, members with a current loan number 165,300. The ICNW proposes to extend its services to 300,000 members by the year 2005, out of which 240,000 (80 per cent) will be from the very poor (living below the poverty line). ICNW proposes to bring 35 per cent of these members out of abject poverty. Allied services like pension schemes and life insurance that are currently being extended to 620 members would be provided to 1,200 members. Business development services like training, technical and marketing assistance that are now being offered to 214,000 members would be increased to 450,000 members. With a current financial self-sufficiency of

103 per cent, ICNW proposes to achieve a financial self-sufficiency of 120 per cent by 2005.

Setting standards for millions

ICNW is living testimony that the cooperative movement as envisioned by our leaders – democratic, autonomous and voluntary — can indeed bring about the much needed social and economic revolution from the grassroots. The spirit and commitment of the women in ICNW, who in their heightened enthusiasm have transformed the state controlled cooperative initiative into a way of life, have helped themselves out of poverty and created but institutional model that can be replicated by millions of working class women in India and South East Asia.

Consumer Cooperatives in Mongolia – Working towards a new future

The last seven years since the Central Union of Mongolian Consumers Cooperative was revived have been difficult ones for Mongolian people, the economy, and for the development of the cooperative movement.

Lack of goods and money, financial problems and shortage of qualified personnel are the main problems. Terms for bank loans are short and interest is high. Banks also refuse credit to cooperatives. Property of consumer cooperatives was privatized during the reform and renovation process in 1991-92.

CUMCC aims to work with the international cooperative movement. It hosted the 26th Meeting of the ICA Committee on Consumer Cooperation for Asia-Pacific. They also held a national workshop on, "Cooperatives in a changing environment," in June 1995 and a seminar entitled "Cooperatives-Reforms-Development," in May 1996, in collaboration with ICA ROAP and the ILO.

CUMCC closely cooperate with European TACIS programme through the Mongolian Business Development Agency.

Fisheries Cooperatives in India

Cooperatives are the shield of the weak and in India fishermen are among the weakest sections of the community. Illiteracy, poverty, and lack of knowledge of latest fisheries technology are contributing factors. This vicious circle is further strengthened by lack of institutional support, both in infrastructure and finances. Consequently, fishermen are subjected to exploitation by middlemen, who act as money lenders, traders and contractors.

Fishermen discovered cooperatives could spare them from exploitation and improve their socio-economic conditions. Efforts made in this direction have yielded good results in some areas, but the overall picture of fishery cooperatives is not encouraging.

During the last few years tremendous development has taken place in the fishery sector. In the inland fishery sector, fish farmer development agencies have been created and the inland fish production has increased. The introduction of a World Bank Project covering five states has also developed inland fisheries, particularly in the field of seed production. Similarly, the marine fishery put emphasis on deep sea fishery and mechanisation of fisheries including introduction of larger vessels. Landing and berthing facilities were increased and constant efforts are being made to build infrastructure and promote exports.

India's Fishery Scenario

India is the seventh largest fishing nation in the world and holds big potential in the fishery sector. The country is endowed with 8,000 kilometres of coastline and 2.02 million square kilometres of perennially clear, mercury free water within the Exclusive Economic Zone (EEZ). The marine resources of the EEZ are comprised of shrimps, lobsters, crabs, tuna, squid, pomfret and most of other

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FISHCOPFED, New Delhi

varieties of fish. For exploitation of the fishery resources from the sea, the country has a fleet which includes 181,000 country boats, 35,000 mechanised boats, nearly 400 purse seiners and 174 fishing vessels including a few tuna long liners.

In the inland sector, the country has more than 27,000 kilometres of rivers, a very wide network of canals which are nearly 145,000 kilometres, reservoirs and lakes covering 2.9 million hectares and fresh water ponds which are nearly 1.5 million hectares.

Lately, the country has embarked upon a big programme to develop brackish water fishery. When fully developed, this may also cover an area of about 1 million hectares.

India's Fishery Resources

Marine

The potential yield from the Indian EEZ is estimated at 3.9 million tonnes, 2.59 million tonnes from the Arabian Sea including Lakshadweep, 1.01 million tonnes from the Bay of Bengal including Andaman Sea and around 0.3 million tonnes from oceanic resources. The present yield is 2.57 million tonnes.

Presently, more than 90 per cent of the fish landings are inshore up to the 50 metre zone. The inshore exploitation is largely by the country crafts and small mechanised boats using a variety of gears such as trawl nets, purse seiners, gill nets. There are about 1.8 lakh traditional boats, few of them motorised and about 35,000 small mechanised trawlers. 174 deep sea fishing vessels were added during the last decade.

The marine fishery operations are proposed to be supported by six

major fishery harbours (four commissioners), 36 minor fishery harbours (17 commissioned) and 113 landing centres (82 commissioned).

Inland

Of the total inland fish production estimated at 1.8 million tonnes, about 60 per cent is contributed by the pond culture sector. The country has earmarked a big programme to develop brackish water fishery. Special emphasis has been put on riverine fisheries, reservoir, fisheries, wetland fisheries, and estuarine fisheries.

Indian Fishery Cooperative Movement

The fishery cooperative movement in India began in 1913 when the first fishermen's society was organised under the name of 'Karla Machhimar (Fishermen) Cooperative Society' in Maharashtra. The state of West Bengal was the next to organise cooperative societies in the fishery sector in 1918. In the same year, Tamil Nadu, also organised one cooperative society. The structure continued to grow over years into multi-functional units at the primary level, federations at district/regional, state and national levels. Today there are:

National Level Federation	1
State Level Federations	17
Central (District/ Regional Level Federations	108
Primary Societies	9369

The membership at the primary level is 0.9561 million.

A study conducted by the Council for Social Development confirmed the suitability of the fishery cooperatives, "as a tool for promoting the interests of fishermen." The study also emphasised the need for, "organising active fishermen into cooperatives and for strengthening and encouraging the fishermen's cooperative societies for performance of multi-purpose

functions and social interest of their members". To ensure that a well-knit structure of fishery cooperatives is created in the country, the study recommended that, "multi-functional primary cooperatives can be retained".

In some of the states, the fishery cooperative movement is working very effectively and a number of evaluations have confirmed the efficiency of these organisation. One evaluation confirmed that arrangements of marketing made by the fishery cooperatives in the states of Maharashtra save the members from exploitation.

A number of fishery cooperatives in the country are helping their members and their family members to the extent of providing complete marketing infrastructure for the sale of the catch at remunerative prices.

National Federation of Fishermen's Cooperatives

National Federation of Fishermen's Cooperatives Ltd., (FISHCOP FED) began in 1982. Its goal is to facilitate the fishing industry in India through cooperatives. Within a short period of its active functioning, FISHCOP FED entered a number of activities, both business and promotional, including organising conferences, supporting training initiatives, facilitating exchanges, demonstrating new technologies, introducing marketing techniques, liaising with member organisations, and providing health care and insurance programs.

Problems and Solutions in the Fishery Cooperative Sector

The cooperative fisheries sector in India faces crucial problems.

Existing cooperative law does not support fisheries cooperative development. Countries like Japan and South Korea have special enactments which guarantee allotment of fishing waters to fisheries cooperatives and ensure membership of genuine active fishermen. The law defines the roles within fisheries cooperatives.

In most of states special provisions in the Cooperative Societies Act or a separate Act for Cooperative Land Development Banks (now known as Agricultural and Rural Development Banks) exist. In order to promote fisheries, the State Governments should formulate separate provisions for fisheries cooperatives within the Act or enact separate legislation to allot water bodies and avoid overlapping operation, finances, structural linkages among fisheries cooperatives in the state.

Those states which have not yet organised a federation of fisheries cooperatives should begin one with sufficient equity to take up business and promotional activities for fisheries cooperatives in the state. Existing state level federations must be activated.

At the regional level, the gap is very wide in these states. In light of the establishment of fish farmer development agencies inland and brackish water fisheries, it is necessary to organise regional/district level fisheries cooperative federations to provide inputs, operational inputs, harvesting and marketing support to the members of primary fisheries cooperatives and fish farmers.

At the primary level in most states fisheries cooperatives overlap. This results in unhealthy competition between them, particularly for water bodies. State governments should take necessary steps to correct this, and to organise/re-organise the existing primary level fishery cooperatives.

It should also issue clear-cut instructions to allot water bodies to re-organised cooperatives so that they may have necessary fishing water to provide employment to their members.

In the marine sector, the primary fisheries cooperatives should be strengthened with infrastructure facilities like landing centres, market yards, roads, transport facilities. Fisheries cooperatives should be given necessary

support to pull their catch and have access to strong export infrastructure with qualified staff.

The National Cooperative Development Corporation has revised its pattern of assistance to fisheries cooperatives. Poverty in fishing communities in the country necessitates liberalization of norms for fisheries cooperatives and provides support through low interest rates.

Women play a very important role in fisheries cooperatives. Once the fishermen bring in the catch, their job begins. Cooperative law does not allow membership of both husband and wife, which prevents women from participating in the management of the fisheries cooperatives.

Women involved in the fishery must participate in the management of fisheries cooperatives. The Ardhanareeswaran Committee have recommended joint membership of husband and wife in cooperatives. This may be implemented.

Cooperative banks and other financial institutions have not helped to develop fisheries cooperatives in most of the states. Financial aid is often not available where it is needed, like payment of lease money, welfare and credit. NABARD should also take immediate steps to encourage cooperative banks to provide credit to fisheries cooperatives where it will be most effective.

To market fish profitably, ensuring a fair price for both producers and consumers, cooperative marketing in India must be strengthened. For this purpose, marketing infrastructure must be developed. Funding for infrastructure should be provided by central, State and local bodies, then handed over for management to fisheries cooperatives.

There is a need to coordinate the Government of India and state governments to achieve continued growth in the fishery cooperative sector which is so vital to the economy and poor people.

Collaborative Strategies for the Development of Agricultural Cooperatives in Asia-Pacific and Strengthening Management of Agricultural Co-ops in Asia

The agricultural cooperative sector plays a major role in the economy of Asia-Pacific, affecting food supply, providing labour for many farmers and field workers, and interacting with businesses and governments. From small primaries to large national federations, agriculture cooperatives are important businesses.

The role of managers in agricultural co-ops is pivotal to business development and communication with members. For the past 11 years, the International Cooperative Alliance, JA-Zenchu (Central Union of Agricultural Cooperatives of Japan) and the Institute for the Development of Agricultural Cooperation in Asia-Japan have partnered to offer skills training to enhance management efficiency.

A Top Leaders' Conference on Collaborative Strategies for the Development of Agricultural Cooperatives in Asia-Pacific held in Tokyo April 14 to 19, 1997 was attended by seven leaders of ICA member organisations in China, Indonesia, Korea, the Philippines, Thailand, and Vietnam. The Ministry of Agriculture, Forestry and Fisheries of the Government of Japan and the Japan International Cooperation Agency, and 15 participants in the 11th ICA-Japan Training Course of Strengthening Management of Agricultural Cooperatives in Asia representing ten countries also took part.

Participants in the six-month regional course examined a variety of development models to help them evaluate and improve their own situations. The goal of the training was, "to help strengthen and improve agricultural cooperative performance in the Asian Region in order to bring about qualitative and quantitative improvement in cooperative services to

A Report on the Top Leaders' Conference sponsored by ICA/JA-Zenchu/IDACA in Tokyo, Japan from April 14 to 19, 1997 and on the 11th Course Edited and compiled by Dr. Daman Prakash, Project Director

member-farmers at the grass-roots level with the ultimate objective of increasing member's income and ensuring their active participation in business."

Along with class and field work, trainees also developed 148 development project proposals dealing with fruit and vegetable cold storage, dairy cooperatives, livestock development, and paddy processing in accordance with the priorities of their sponsoring organisations. Several of these proposals were accepted and the regional project has been rated very successful by the user-organisations. Following-up the training course, the conference evaluated

regional training project proposals, and highlighted problem areas for the development of agriculture cooperatives in the region.

Organisational support is needed to implement these proposals. So, an evaluation session was held with top leaders of the sponsoring organisations. The conference objectives were:

- to review project proposals
- to discuss strategies for development of agriculture co-ops
- to exchange views with Japanese government development agencies, JA-Zenchu, IDACA and the ICA about the relevance and continuation of assistance.

Delegates presented background papers on their respective countries outlining project proposals that have been accepted or implemented, implementation problems, success stories, the organisation's view on the relevance of the program and suggestions for improvement, past participants who have since left



A view of the Top Leaders' Conference in Tokyo



Agricultural Top Leaders on a study visit the organisation, and a review of agriculture co-ops and agro-processing in the country.

ICA ROAP and IDACA submitted several papers for consideration, including:

- process evaluation and monitoring of project proposals
- securing organisational commitment
- process and review of training and development programmes

The conference was successful for several reasons:

- ◆ user-organisations were well-represented
- ◆ regional project proposals were evaluated by senior managers
- ◆ senior managers, co-op and government officials interacted with trainees
- ◆ beneficiary organisation were encouraged to make good use of their trained staff and to sponsor the most suitable candidates for training

Several key points were noted:

1. User-organisations find the regional project to be valuable, useful and professional.
2. Value-added is underlined through the project, keeping in mind the interests of grassroots members.
3. Open market economy makes management training more important than ever before.

4. Special attention is paid to Korea's livestock and dairy cooperatives, supporting development in other countries, and NACF training is strengthened on the theme of self-sufficiency and food security, and broadening its economic business.

5. Dairy cooperatives in Indonesia have benefited by improving product and joint-processing.

6. ICA and IDACA have reached a large number of managers in the region by making the program broad-based and results-oriented.

7. More training and development opportunities are created through additional funding from MAFF and other sources for projects aimed at enhancing use of local raw materials, making agriculture environmentally friendly, boosting agribusiness, strengthening food security, and involving women and youth in cooperatives.

8. Field studies and follow-up of the recommendations of the ICA Cooperative Ministers' Conference create interest in application of agribusiness development strategies.

Agricultural cooperatives are the most sophisticated, high tech managed institutions in Japan; they produce and market products while looking after member interests. Much can be learned from the Japanese experience and its innovations (i.e. amalgamation, insurance and health-care

provision, improved quality and marketing, solid government relations, education and training, high return for members, encouraging participation of women and youth, protecting the environment, and joint strategies).

Discussion at the conference urged sponsoring organisations to encourage their participants to develop project proposals in line with their priorities so that they might be more successfully implemented.

Several important recommendations resulted from the Top Leaders Conference on Collaborative Strategies for the Development of Agricultural Cooperatives in Asia-Pacific:

- recognise ICA, MAFF, JA-Zenchu and IDACA for implementing the training project
- acknowledge the need for food security, safe and healthy farm products in light of a growing population and encouraged the program to be results-oriented
- extend appreciation to MAFF for funding the most relevant, logical and useful training for managers of agricultural cooperatives in Asia
- request ICA ROAP and IDACA to persuade MAFF to continue funding and increase the number of participants and financial support
- persuade MAFF and other funding agencies to establish national level training and development
- identify critical needs and follow-up recommendations of the 4th ICA Cooperative Ministers Conference held in Thailand, March 1997
- encourage sponsoring organisations to send the most suitable trainees
- solicit advice and comments from sponsoring organisations on project proposals
- mobilise financial resources at the local level to hold national level training programmes

1998 Course Calendar for the International Institute – Histadrut, Israel

The International Institute (Histadrut) Israel has announced its 1998 course calendar. Several scholarships covering local costs are available for selected candidates.

Inquiries and applications can be directed to:

Director
International Institute - Histadrut
Bet Berl, Kfar Saba 44905 Israel
Tel. (972)9-7487382
Fax. (972)9-7421868

Courses

Economic and Financial Planning for Rural Development Through Computer Usage – 5.1 - 19.2.98

The role of grassroots peoples' organisations in development; use of computers as a tool for planning; cooperative principles and practices; cooperative finance, organisation and management; micro-enterprises and income-generating projects; feasibility studies, financing, production planning, budgeting, costing, financial statements, marketing, human resource development; entrepreneurship, communication, negotiation and decision-making.

Requirements:

Designed for cooperative leaders, planners and researchers engaged in rural development through non-governmental organisations. Computer literacy requisite.

82nd International Course on the Role of the Labour Movement in National Development – 1.3. - 7.4.98

Development and underdevelopment; the comprehensive nature of the development process; trade unions and trade unionism; cooperation and cooperatives; the role of labour movement in national develop-

ment; workers' education; the Israeli labour movement - a case study; aspects of leadership, communication, organisation, planning and management.

Requirements:

Designed for qualified leaders of trade unions, staff members of workers' education institutions and officials of government departments concerned with labour affairs.

The Contribution of Women to the Development of the Urban Informal Sector – 4.5 - 7.6.98

Development and underdevelopment; the role of women in development; the status of women and the nature of empowerment; the nature of the urban informal sector; cooperative principles and practices; cooperative organisation, management and finance; entrepreneurship - feasibility studies, managerial skills, innovation, communication and decision-making.

Requirements:

Designed for leaders of cooperatives and community organisations concerned with the development of self-help economic initiatives by women in the urban informal sector.

Financial Management of Trade Unions – 15.6 - 19.7.98

Development and underdevelopment; the role of trade unions in development; trade union organisations, administration, management and finance; planning activities - setting priorities, defining goals and objectives, designing a plan of action; human resource development; financial management and control, membership dues, fund-raising, budgeting, cash-flow; leadership skills - communication, decision-making, organisation.

Requirements:

Designed for suitably qualified trade union leaders and officials responsible for ensuring the efficient financial management of trade union organisations.

Human Resource Development Within Cooperatives – 27.7.25.8.98

Development and underdevelopment; role of cooperatives in development; scope and content of cooperative education; life-long education, leadership development, grass-roots education; planning and management of cooperative education programmes, needs assessment, budgeting, staffing, administration, scheduling; curriculum development; planning, evaluation, communication. Preparation of appropriate communication for training of leadership and management in cooperatives.

Requirements:

Designed for directors and senior staff of cooperative education institutions and for senior cooperative leaders responsible for national cooperative education programmes.

Cooperative Support Systems for Rural Industrialization – 27.7 - 25.8.98

Development and underdevelopment; rural development; rural development through cooperatives; cooperative principles and practices; cooperative finance, organisation and management; credit facilities for production; supply of inputs; product marketing; cooperative frameworks for credit, supply and marketing; rural industries - planning, feasibility, management, marketing; micro-enterprises and community empowerment, social aspects of rural industrialization, leadership skills - communication, decision-making.

Requirements:

Designed for leaders of cooperatives and rural communities actively engaged in the economic and social development of rural areas as well as for senior staff of governmental and non-governmental agencies for rural and cooperative development.

Small Scale Banking and Credit Institutions for People's Organisations – 25.10 - 18.11.98

Development and underdevelopment; the role of banking institutions in the process of development; banking, savings and credit institutions; peoples' banks and civil society; savings and credit cooperatives - organisation, management, finance; rural and urban credit facilities for production and income-generation; credit for the informal sector.

Requirements:

Designed for leading officials of banking and credit institutions actively engaged in the support of non-governmental organisations and income-generating activities in rural and urban areas, and for leaders of non-governmental organisations seeking to develop credit and banking facilities for their members.

Leadership Development of Youth Through Non-formal Education – 23.11 - 17.12.98

Principles and practices of non-formal education; community intervention strategies; social-psychology of adolescence; the integration of marginalised youth; curriculum development; vocational training; community service; recreation, youth movements; leadership skills - communication, planning, management, decision-making.

Requirements:

Designed for young leaders, activists and officials in non-governmental and governmental organisations concerned with developing non-formal education programmes aimed at enhancing the skills and capabilities of young people.

Go on the Offensive or Perish, Cooperatives Warned

An Interview with Professor Michael Cook

Visiting academic Professor Michael Cook from the Department of Agricultural Economics at the University of Missouri-Columbia says supply cooperatives will have to change their focus to survive.

To survive into the future, Professor Michael Cook believes cooperatives will have to come off the defensive and learn to play an "offensive" or attacking game.

During a recent visit to Australia, he said cooperatives had been largely formed for "defensive" reasons, to keep others in the market honest and to improve the bargaining power of farmers.

"In the 21st Century, if you do not have an offensive-orientated type of business you are probably going to die," he says.

Property Rights

Cooperatives' ability to play an offensive or attacking game in the global market will depend to a large degree on how they deal with what he terms their, "vaguely defined property rights."

Professor Cook believes many of the fundamental problems of cooperatives today stem from the fact that, by and large, they have less clear and definable property (or ownership) rights than private, investor-owned firms.

"This is the critical difference between the two types of organisations," he said. "Who actually owns and controls cooperatives

and how are decisions made within the organisation?"

These difficulties manifest in five major ways:

- *Free rider problems* - where a farmer who does not belong to a particular cooperative benefits from the cooperative's presence. For example, the cooperative effectively sets the price for raw product in the market; its competition meets that price and so the benefit flows to all farmers in the industry, not just those supplying the cooperative.
- *Horizon problems* - where members of differing ages have differing needs and expectations of the cooperative. In the US, nearly 60 per cent of the equity and risk capital in a cooperative may be in the hands of inactive or retired suppliers. If they all wanted to be paid out, the cooperative would go bankrupt. Similarly, if all the new suppliers had to pay for their share of the cooperative's facilities in their first few years of operation they would not survive.
- *Portfolio problems* - where a cooperative's activities cover a number of industries and market sectors. Supplier resistance makes it difficult for cooperative management to rationalise operation in order to improve efficiency or concentrate on core strengths.

- *Control problems* - where the need for outside investment to fuel growth works against the supplier-shareholders' desire to maintain control of their business.
- *Influence problems* - where there is difficulty developing mechanisms to take account of the needs of the various stakeholders in the organisation.

These mechanisms need to strike the right balance in the relationships between:

- ◆ members who supply the product and own the cooperative;
- ◆ board of directors who must set the direction of the group and monitor its performance; and
- ◆ cooperative management who must take care of the day-to-day running of the operation.

The options

Faced with these difficulties, US cooperatives are taking one of three options, Professor Cook said.

Getting out of the cooperative business: This may take the form of liquidation, selling out to another company, or converting to a conventional investor-owned company, though he notes that the conversion option has been less popular in the US than it has been in Australia.

"From a sociological point of view, US producers are going through a phase of 'what we own, we want to have control of.' As a result, the number of cooperatives converting to investor-owned companies has actually been

quite low," he said.

Redesigning themselves: A number of cooperatives have had great success in allocating their capital to members in a structured way to account for the ownership problem, Professor Cook said.

In addition, they have formed strategic alliances with other cooperatives or companies further down the marketing chain and moved away from a diverse product range to more specialised production.

New generation cooperatives: Professor Cook said 'new generation cooperatives' are the newest and biggest phenomena of the US cooperative movement in many years.

NGCs are formed under traditional cooperative law, but suppliers provide the capital up front to process their raw product.

The board does a feasibility study to determine the optimal size plant and then sells the delivery rights to that plant to suppliers.

"NGCs have defined and finite right of supply (membership)," said Professor Cook.

"This right is transferable, with board approval, to other suppliers who wish to buy that right, but the total amount of supply remains finite unless the plant capacity changes."

When you buy the delivery rights you also sign a five-year marketing contract. If you don't deliver the right quality the cooperative reserves the right to buy the quality it requires and bill you, Professor Cook said.

In some cooperatives, he said, the delivery rights have doubled or tripled in value.

Suppliers who may have paid \$5US a unit for the right to deliver a certain quantity of product per year when the cooperative started now find their unit is worth \$10 or \$15.

It becomes a way by which suppliers can see a capital gain from their involvement in a successful cooperative.

Future options for cooperatives

Professor Cook says the jury is still out on the best direction for a cooperative to follow to ensure future survival.

Inevitably, the solution will be different for each country and probably each cooperative.

A number of noted cooperative theorists are suggesting that unless the cooperative is solely in the commodity trade, rather than rushing into acquisitions and growth they may be more successful by remaining smaller and seeking alliances with other groups.

Although noting that academics do not normally go out on a limb to make predictions, Professor Cook ended his address with the optimistic prediction that, if cooperatives could address issues such as their vaguely defined property rights and come to terms with their capital raising problems, they could become successful if not dominant players in their particular industries.

Professor Cook's visit to Australia was sponsored by the Dairy Research and Development Corporation and the Monash University's Agribusiness Unit.

(Taken from National Co-op Update, No. 10, July/August 1997)

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**COOPERATIVES
FACING
UNEMPLOYMENT**

Co-operatives Facing Unemployment

In November, the International Co-operative Alliance Regional Office for the Americas held its conference in Mexico City on the theme of co-operatives facing unemployment.

This edition of Co-op Dialogue picks up on that theme, extending it to include stories of how the co-operative model has been used as a tool for social development.

What benefits do co-operatives offer displaced workers? How can the co-operative model be used to create self-employment opportunities? Can co-operatives move in to fill the gaps when businesses fail?

Co-op Dialogue hopes these articles are thought-provoking, especially today co-operatives struggle to find their fee in a difficult Asian economic climate.

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Seacare Singapore union's co-operative solution to unemployment

Allie Irvine

The trade union Singapore Organisation of Seamen sees the co-operative model as a solution to the crisis of unemployment facing their members.

Seacare Co-operative Limited is jointly owned by SOS and the National Trade Union Congress — the largest trade union in Singapore that initiates co-operative organisation in all spheres.

The co-operative was formed two years ago in response to the needs of SOS members, some of whom had been displaced from jobs aboard ships. SOS sought to create job opportunities for their members at sea and ashore.

The co-operative owns Seacare Holdings Ltd., which has launched six services ranging from manpower, to courier, to maintenance, to cleaning and laundry services. New subsidiaries to provide shipping agency, registration and crew management, housekeeping services and a medical centre are in the works.

In its first year of operation, Seacare found work for 400 displaced seafarers.

In July 1995, Seacare Co-operative had only 13 ordinary members apart from the founder member and institutional member. One year later, there were 979 ordinary members, who together own slightly more than one-quarter of the co-operative's shares.

Courier

Kelvin Chin, manager of Seacare Courier Services, hopes

business will grow by 10 per cent each month. "It is not an easy target as the competition is tough, but I am positive we will hit it. We have to penetrate the market as soon as possible," he said in SOS's Samudra 1996 annual report.

The new courier company provides:

- ad-hoc courier services
- express service (within 3 hours)
- normal service (within office hours)
- short or long-term contractual dispatch services
- van delivery service

In addition to telemarketing and direct mail, Chin makes cold calls to potential customers. This is how he won a contract with IN-COME's Maid Insurance Scheme to deliver work permits directly to employers at home.

The company is now expanding its pool of dispatch riders and plans to build a sales team.

Manpower

Time is everything to Lee Van Chong and the team at Seacare Manpower Services.

"Ships usually dock for only a few days in Singapore before they have to sail off on schedule to meet another destination. So,



Seacare - providing the right people & service at the right time & place.

CO-OP DIALOGUE
wishes all its readers a
Merry Christmas and a very happy & prosperous
New Year, 1998.

within that few days, we have to provide the workers to undertake and complete whatever jobs that need to be done such as repair or cleaning.

The same goes for schools, where positions of librarians, lab technicians and clerks have to be filled instantly. There is a sense of urgency in every case," Van Chong said.

Seacare Manpower Services provides:

- * Marine personnel:
- * shipping management and executive staff
- * ad-hoc seafarers placement
- * relief seafarers
- * travel, repair and maintenance crew
- * port limit placement
- * marina services crew
- * Non-marine personnel:
- * local and foreign skilled and unskilled workers
- * office administration staff
- * foreign domestic maids

The company has created 2,200 person days since it began operations last October. It also signed 300 contracts with schools to fill 600 part time job placements to date.

Finding the right person for the job isn't always easy. "It is not an easy task to find workers and to find them urgently. However, we have created a ready pool of manpower where at the word, 'go,' they will be mobilised. Even before the need arises, we are already out there looking for workers," he said.

Seacare Co-operative Manager David Sim keeps close contact

with displaced seafarers. He has their home and pager numbers and calls them regularly to confirm their availability. Sulena Supaat has her own source of workers to cater to the needs of schools.

The company is now looking for new manpower opportunities, like supplying foreign maids and crews for port limit placements, and providing rotational crews to maintain yachts.

One worker described his experience with the company. "After being retrenched from my previous job as a production worker, I approached different employment agencies but none could help me until someone recommended me to Seacare Manpower Services. I got a job immediately as a laboratory assistant in Hwa Chong Junior college.

I left soon after because I could not agree with the smell of chemicals and Seacare Manpower Services again almost instantly got me another job as a library attendant. I am happy working here and I am indebted to Seacare Manpower Services," said Vasantha Kumari, a working mother.

Long-time S.O.S member Ahmad Hj Repahi said, "I am waiting to sail again. Meanwhile, I get to work part time. So, why not? At least there is money coming which helps cover my expenses. Once this job is done, I will go to Seacare again to look for another temporary job."

Cleaning

Seacare Environmental started last year with one part time cleaner. Today, it boasts a team of 28 full and part time workers. Its clientele range from supermar-

kets to offices, from child care centres to resorts – all having different needs and requiring different services.

The company provides:

- complete cleaning and maintenance programme for hotels, condominiums and industrial buildings, cruise vessels
- reconditioning of all types of flooring, carpet care and preventative maintenance
- external wall and glass cleaning

To meet these different needs, the company invested in a whole set of industrial cleaning machines from scrubbing to wet and dry pick-ups.

Manager Abdul Kader said they strive for excellence. Their philosophy? Working in an environment where wastepaper bins are emptied regularly, where glass doors and windows are dust-free, where carpets and floors are dry and clean helps build the morale of workers.

Transport

For international seafarers in transit – from crew, to maids, to workers and vessel owners – Seacare Trans Enterprise provides pick-up and drop-off services from the airport to hotel to the pier.

The transit enterprise offers:

- full range of transfer services for international seafarers, maids and workers
- maritime crew handling services
- inspection of ship's medical chest & replenishment of medication under Sea Pharma.

Calcutta sex workers unite under the co-operative banner

Allie Irvine

You say I am a prostitute. But did I get this name from my mother's womb?

*Lolita Mali of Sonagachi
West Bengal - April 30, 1996*

Sex workers have always participated in Indian society, from its birth as a nation organising resistance with Mahatma Gandhi, to raising money for flood victims of Bangladesh in 1995.

But the world's oldest profession remains one of the least respected; and those who practice it on streets across the globe find themselves powerless, their lives fraught with insecurity.

pimps, babus and the mafia all fighting for control," said Dr. Smarajit Jana of the All India Institute of Hygiene and Public

- food and van delivery services

Their business has expanded to providing new services like bringing crew to the clinic when they are unwell, to booking air tickets and hotel rooms. Their major breakthrough came in the form of a contract with Wallem Ship Management, a Hong Kong shipping company that carries more than 100 vessels.

Seacare Holdings can use SOS and NTUC's good network of international contacts to expand business opportunities and create jobs for seafarers. To date, they have launched other ventures in housekeeping, laundry services and a medical clinic.

The success of Seacare has helped to strengthen its union parent. SOS membership increased from 3,407 in October 1995 to 4,400 in August 1996. The number of ships covered by the union also increased from 212 to 240 during the same period. And as it grows, it becomes financially independent.

In a competitive free market economy, the co-operative model adapted to business ventures has created new opportunities for seafarers in Singapore.



Calcutta sex workers have left the trade to become peer educators in the STD-HIV Intervention programme

Sex workers in Calcutta have forged a weapon against oppression – a co-operative run by and for prostitutes. Registered in June 1995, Usha Co-operative Multipurpose Stores is the first of its kind on the Asia sub-continent, and maybe even the world.

"These women are at the bottom of a power structure that includes landlords, madams,

Health. The co-operative was born out of the success of Jana's STD/HIV Intervention Programme in Sonagachi, a three-point project designed to arrest the spread of disease by providing health services and condoms, and educating sex workers.

Sonagachi is one of the oldest and largest red light districts in Calcutta. Hawkers, revellers, bi-

Reader Survey

The Editor and his staff would like to thank all readers who have responded to the Reader Survey published by us in the last issue.

Those who have not sent them, please do so now.

-Editor

cycles, scooters, rickshaws and sex workers compete with each other for space along the narrow streets.

An estimated 4,000 to 5,000 women work in over 370 brothels in Sonagachi alone, and another 1,500 drift in and out of the area. They range in age from 13 to 45, but 30 per cent are under the age of 30. The sex workers rely on the 20,000 men who visit this area for their daily bread. It is home to thousands of sex workers, most of whom turned to the sex trade in the face of grinding poverty.

A 1991 study of India showed that most sex workers come from schedule caste, over 70 per cent are illiterate and most have children and families to support.

Recognising women's social and economic vulnerability, the project was welcomed by sex workers because it respected human dignity and valued their basic human rights and self-identity.

As daily workers in a free market environment, the women's time is valued in monetary terms. Time off for illness means less food for their children. Sex workers also face occupational hazards, like violence and disease, which hurt her ability to earn. These women are vulnerable to harassment by dons, pimps and police looking for bribes and protection money.

Thousands of women in Calcutta work in brothels that are often cramped and filthy – rooms separated by only a curtain.

Pimps and madams watch over her shoulder, pocketing a quarter to half a woman's earning in ad-

dition to the rent they pay for their small space.

Many more work out of their homes in red light districts of the city. These sex workers have babus, or men who share permanent relations and often children with her. In a world of intense competition, isolation and social rejection, babus often offer love and security that sex workers crave.

An estimated 4,000 to 5,000 women work in over 370 brothels in Sonagachi alone, and another 1,500 drift in and out of the area. They range in age from 13 to 45, but 30 per cent are under the age of 30. The sex workers rely on the 20,000 men who visit this area for their daily bread.

A women's feelings of insecurity are used to her economic and emotional detriment by manipulative men in search of money. Only 25.7 per cent of babus are illiterate, but almost 46 per cent earned less than 1,000 Rupees weekly. Only 1.5 per cent of babus used condoms regularly.

Sex workers also require economic security. Frequent raids by police and a negative social stigma are compounded by exploitation by madams, pimps and moneylenders. In times of financial need, women are forced to take high interest loans from money lenders at rates sometimes as high as 1,000 per cent. Lack of education and self-confidence leaves them exposed to fraud.

The legislation drafted to regulate the sex trade in India, the Prevention of Immoral Traffic Act, aimed at controlling the flow of new girls into prostitution.

Sex workers say the law simply gives police the right to do harass them unjustly.

Police abuse laws against trafficking minors by arresting the innocent children of the sex workers, then demand money for their release. Madams pay-off the police the woman must work off the debt.

Minister of Food and Civil Supplies, Krishna Sahi said that the greatest number of atrocities against prostitutes are committed by the police. Amod Kanth, a veteran police officer, confirmed that more than 75 per cent of the cases registered under the ITPA were against women. Instead of protecting women, the law victimises them.

In December 1995, a sex worker in Calcutta solicited a customer on the road for 50 Rupees. When they returned to her room, she requested that he use a condom. He refused and went to the police station where he reported her.

The police informed her that she had to comply with her customer's dictate as he had paid her 50 Rupees, and fined her an additional 60 Rupees (which they pocketed).

Many women have scars inflicted by an angry or drunken client, or as punishment from a pimp. One woman recalled how a girl who left her pimp to work independently had acid thrown in her face.

In the crowded red light district of Sonagachi, prostitution is a

competitive business. Although they work in close association with each other, friendships between the women can be superficial.

Rejected by their natal families, scorned by their community, persecuted by authorities, these women feel like social outcasts.

A group of five women smiled and talked amongst each other around the a circle in a spacious, uncluttered office near Calcutta University. Their faces clean and scrubbed, their soft hair pulled back, and dressed in pink, yellow and blue saris, they look like every day women.

They are board members of Usha Co-operative Multipurpose Stores. All are active participants of the Mahila Samanwaya Committee, a lobby and support group formed as a precursor to the co-operative.

These women see their committee and the co-operative as a forum to unite all sex workers on common issues facing their daily lives. "Before I joined the co-operative, I felt like no one would care if I lived or died," said Putul Singh, who is vice-president.

Competition among sex workers, their mobility and lack of education complicate the working of the co-operative. The idea of collective effort had to be germinated amongst the sex workers and co-operative management.



Allie Irvin of ICA Regional Office meets with a Calcutta sex workers' co-operative

Collective social responsibility started with Jana's intervention program. "One of the main objectives of our program was to increase women's power to negotiate with their clients," he said.

There is strength in numbers, so Jana's focus shifted to empowering sex workers within their community and within society using the principles of respect, reliance and recognition. Soon, Jana and his team found the project was an effective agent of social change.

To reach the women, the project managers used an innovative approach to inform sex workers about the threat of disease and the need for condoms. Educators were recruited from among the sex workers in the hopes women would respond better to their peers. The project started with 12, but it has grown to over 65 in Sonagachi alone.

The peer educators were trained for six weeks about sexually transmitted diseases. The

training they received whetted their appetite for more education, prompting the project to offer literacy training. They study English, Hindi and Bengali – according to their education level – one hour each day the whole week.

Recruiting sex workers to educate other women in their trade helped to create a sense of trust in the program and its leadership. The needs of the community were taken into consideration and the women consulted before efforts were initiated. Democracy in the process was vital and sex workers were included in all spheres.

Field work brings peer educators into contact with 40 to 50 sex workers a day, and from 10 to 15 madams. Using pictures and videos, the educators can overcome the illiteracy barrier to promote their safe sex message.

Today, the peer educators come to work in a green uniform jacket complete with a photo name tag. "I feel like I have respect. People listen to me, and my children

"Before I joined the co-operative, I felt like no one would care if I lived or died,"

know that I have a real job," said one proud educator from Chetla.

They say they have gained a sense of self-respect, dignity and a social identity. Their newly acquired self-esteem, education and a steady income have allowed these women to leave their former profession.

Women benefit from the program's holistic approach – it reaches out to both sex workers and their families. Health services are available to sex workers and their families, an immunisation program is offered for their children, and participants can join in cultural programmes and other social/educational activities. The project also offers sex workers information and education on their rights to combat exploitation at the hands of police and dons.

Unlike many other social movements in India, the project's success was not dependent on one charismatic leader. Its leadership and identity belong to the sex workers themselves. Both the MSC and the co-operative were formed by the women with the support of the project team.

An Evaluation Report of the Sonagachi Project in March 1996 stated that it was, "perhaps one of the best interventions for sex workers in the world. It exists and conducts its interventions with an enthusiasm and an intensity that is remarkable. Effects not measured in the evaluation of the project but related to the expanded activities, such as self-esteem of the women in Sonagachi and increased empowerment are becoming apparent and should be followed."

They concluded that the peer educators are the reason for its

success. Effective management and community involvement make the project a good working model across for use across West Bengal, read the report.

A special correspondent for Frontline, Dr. Jaya Shreedhar, commented in November 1995 about the peer educators, "I chanced to meet some of the most intelligent and aggressive self-respecting women here – it was inspiring."

Co-ops is "...perhaps one of the best interventions for sex workers in the world. It exists and conducts its interventions with an enthusiasm and an intensity that is remarkable. Effects not measured in the evaluation of the project but related to the expanded activities, such as self-esteem of the women in Sonagachi and increased empowerment are becoming apparent and should be followed."

Social workers, religious preachers and the State have all tried to abolish the sex trade in vain. Laws and sermons only serve to strengthen the image of sex workers as "whores," isolating and humiliating them, and consolidating the power of landlords, pimps and money lenders.

Recognition of the women's profession and the absence of a mandate to "convert" them inspired an atmosphere of faith and reciprocity. Project leadership and volunteers expressed a genu-

ine interest in the well-being of the women. Learning about their occupational rights and providing a forum to assert them helped strengthen their professionalism.

A degree of professionalism has crept into the lives and attitudes of these sex workers and their approach has demonstrated a sense of social responsibility. Uniting under the banner of a co-operative has given these women the will to resist oppression and exploitation both individually and in an organised manner. It has become their network for solidarity.

The Mahila Samanwaya Committee and Usha Co-operative Multipurpose Stores made history a second time when they played host to over 3,000 delegates from across the country attending India's first national convention of sex workers held November 14 to 16, 1997 in Calcutta. Their demands for a trade union and the legalisation of prostitution received vocal support from Union Home Minister Indrajit Gupta and West Bengal Health Minister Partha De, who both addressed the conference.

The conference was a follow-up to a resolution passed by MSC at their first state conference at University Institute Hall in Calcutta on April 29, 1996 demanding the IPTA be repealed in favour of legalisation and self-regulation by an autonomous body. The proposed board would regulate entry of sex workers into the trade, provide guidelines for the trade and provide welfare measures for sex workers and their families.

Negotiations between the MSC and prominent trade unions like

the AITUC, CITU and the Bharatiya Mazdoor Sangh, Government Employees Unions and women's organisations have already begun laying the ground work. Sex workers believe that a trade union is an urgent necessity to help combat the oppressive social forces they encounter.

Group leaders told a correspondent for The Hindustan Times that they are resisting an alliance with any political party in their fight to bring sex work under the purview of labour law.

The political strength shown by these sex workers grew out of the lessons they learned in forming their co-operative. Set up in February 1995, the society was finally registered in June 1995 with 19 members and a capital of 7,000 Rupees under the West Bengal Co-operative Societies Act, 1983. It is controlled by a board of directors composed of six people.

Government co-operative officials weren't necessarily thrilled with the idea of recognising the co-operative. The law requires a person be of "good moral character" to be a member of a co-operative, and there was a question whether prostitutes met this qualification. The interpretation was that a person must not be convicted of an offence.

At first, the department officials suggested the women call themselves a co-operative of housewives, which they steadfastly refused to do. For them, recognition of their trade was important.

After six months, then-State Co-operative Minister Saral Dev intervened to make his ministry the first government body in the country to recognise and register

a co-operative run by and for sex workers. The registration came with a loan of 100,000 Rupees and a decision to allow the co-operative to start functioning with a minimum deposit instead of the mandatory registration fee.

A.C. Kol, recently retired Secretary of Co-operation in West Bengal, explained that the government has placed emphasis on fostering co-operatives amongst low income people. helped Usha Multipurpose Co-op Stores by reimbursing the membership fee of 50 Rupees, giving the co-operative seed money.

Sex workers say the co-operative can provide more benefits to their community. Like all women, they aspire for their children to be educated in a conducive environment. Children of sex workers often face awkward questions about their parentage when registering for regular schools. Usha Multipurpose Co-operative Stores is exploring the possibilities of starting a creche and a school for the children of sex workers.

Forming a co-op has given these women a sense of financial security, a base from which they can reconstruct their own status in society. Each member must deposit 100 Rupees every month. As a credit co-operative, it can give loans up to 3,000 Rupees to members and non-members at variable terms, hold deposits and disburse profits.

The co-operative is experimenting with other income-generating ventures. It manages a condom-selling project which provides employment to aging members. Condoms are purchased in bulk and sold by former

sex workers, called "Basanti Sena," for a profit. They hope to eventually open a consumer co-operative store to sell daily commodities.

The advent of a co-operative on the exploitative money lenders' turf was perceived as a direct threat. Some of the project staff belonged to the racket and launched a protest. They failed to influence the majority of sex workers who welcomed a new forum for economic solidarity.

The Sonagachi Project of the All India Institute of Hygiene and Public Health has lent a helping hand to the co-operative by offering advice, training, and providing them a venue where they can meet.

Because their work is dependent on their bodies, the sex workers are also concerned about their security as they age. The co-operative has helped them develop alternative employment for older women and those who want out.

Before forming the co-operative, one woman said through a translator, other people had control over her money. "Now I can save and borrow for myself," she said. In April 1997, the co-operative received permission to expand to 15 other red light districts in Calcutta and Howrah. Its member of 125 doubled within a month, today standing at over 400.

Co-ops have always been a tool of the poor. While Usha Co-operative Multipurpose Stores is small, its advent among the most disenfranchised women in Indian society proves co-operatives can provide security and opportunity to the socially outcast – without prejudice. □

Canada and Indonesia connect through CU 2000

The lush tropical forest of North Sumatra is a world away from the rolling prairie of Saskatchewan. But, as Colin Markusson of Raymore, Saskatchewan sits down, with his Indonesian credit union colleagues, to a breakfast of rice and fish, he feels right at home. The reason, according to P.M. Sitanggang, President of the **Credit Union Coordination of Indonesia (CUCO)**, is simple.

"Among credit union people it's very easy to communicate because we speak the same language, the credit union language," he explains. "We are all credit union people here. We belong to the same family."

North Sumatra is an Indonesian province on the island of Sumatra, to the north-west of Java, Indonesia's most populous island, which is home to the capital Jakarta. Although they hail from far-flung corners of the

Shannon Dumba

earth, the bond between Colin, Manager of the Raymore Credit Union, and the North Sumatran credit union leaders he met in September 1997 is obvious.

It is this bond that is making the Indonesian credit union development program Colin is involved with such a remarkable success.

The CU 2000 Model Program is the result of a co-operative effort by CUCO, the national apex organisation for Indonesian Credit Unions, and the **Canadian Co-op Association (CCA)**.

The two organisations have joined forces through the **Indonesia Co-op Development Assistance Program (INCODAP)** to design CU 2000, a training, technical and human resource development program.

CU 2000 was created as a response to a need for change within the Indonesian credit union movement.

Over the last ten years, growth in the movement reached a plateau. Through CU 2000, INCODAP is working with credit unions from across Indonesia to improve their services and increase their membership and assets. It's a straight forward program that focuses on practicality, but includes some ingenious twists.

What INCODAP refers to as the "CU 2000 Dream Team" is one of these twists. The team is made up of Canadian credit union managers, like Colin Markusson, who have volunteered their time and expertise to travel to Indonesia and assist in the program's training sessions.

Now the General Manager of the Raymore Credit Union, a Director with the Board of Credit Union Central of Saskatchewan and a delegate to the Saskatchewan Region Council of CCA; Colin started out in credit unions as a teller. With over 30 years of experience in the credit union movement, he possesses a great deal of practical expertise. This expertise and the dedication that comes from being a volunteer makes Colin and the rest of the team CU 2000's most valuable players.

When asked why he volunteered to assist with this training, Colin does not hesitate.

"The opportunity to work with a grass roots movement," he



Women dairy farmers in Indonesia illustrate their needs and concerns by sketching at the village for INCODAP extension workers.

says. "I miss that in Saskatchewan because our systems have become more sophisticated and we don't seem to have that strong grassroots concept we once had. To be able to talk to folks that are just starting a Credit Union; to be able to help people that haven't had a financial institution of their own because the large banks don't want to deal with poorer people - that's the most fulfilling part of this experience for me."

Rick Weger, Credit Union Technical Advisor for CCA, assists CUCO with the program. In his opinion, this return to the grassroots benefits not only the individual managers, but also the Canadian credit union movement as a whole.

"Canadian Credit Unions are starting to realise they have to get back to their roots, to let their members know that they are different from banks, that members have input into their credit unions and that credit unions care about people, not just profits," he explains.

"Bringing these credit union managers here reinforces their commitment to the credit union principles so that when they go back to Canada, they have a better sense of credit unions as not just another bank," he continues. "It rekindles the credit union philosophy for the managers as individuals, and this gets spread that throughout their credit union network back home."

The experience these managers possess enables them to connect with the credit union leaders participating in CU 2000's training program.

"The difference right now between the two movements is

about 50 years," explains Colin. "We also began our credit union movement in Saskatchewan without offices. We didn't have buildings. We didn't have furniture or equipment. We started very simply and with very few members."

It is clear that participants trust in this kind of practical experience. This trust is crucial to the program's success.

Indeed, speaking with Kristina Manullang, a Director from a credit union in Medan, the capital of North Sumatra, it becomes clear that the participants believe they can learn a great deal from Colin and his Canadian experience.

"The system in Canada is new for us, the pension plan, the management," says Kristina. "Here, our board members make all of the major financial decisions. But, we hear from Colin that in Canada the

managers make many of these decisions. I think, after this module, we will start to make some changes in those areas."

The North Sumatran training session involves five credit unions from the North Sumatran regional chapter. These are five of CU 2000's "model credit unions".

There are approximately 1600 credit unions in Indonesia, with a total membership of approximately 250,000. When designing the program, CUCO and CCA realised that attempting to work with all of these organisations would mean spreading themselves too thin. The solution was to involve six regional chapters from across Indonesia and five primaries from each chapter, for a total 30. These are the model credit unions participating in the CU 2000 Model Program.

Together, these model credit unions represent approximately 70 percent of the movement's



Youth from Indonesia, Japan, the Philippines and Canada meet at INCODAP's Youth in Co-operatives Conference.

membership and assets. Through INCODAP, CCA and CUCO are working with the models to strengthen the movement as a whole.

In its first year, CU 2000 is already leading to impressive results in North Sumatra.

On average, from December 1996 to June 1997, the five North Sumatran credit unions involved in the CU 2000 Model Program outgrew those not involved in the program by 100 percent in terms of membership; 35 percent in terms of assets; and 61 percent in terms of savings.

Also impressive is the fact that, since the program began, all five of these credit unions have opened their bonds from parish-based to community-based, which has greatly expanded their market. As well, two of the five have increased their staff to meet increased member demand for services.

At the North Sumatran training session, Rick commends the participants on these results.

"I'd like to congratulate you for making these improvements. I know making changes takes courage and you all have shown courage. But, we've only just started, we will continue making changes for the next 20 years. The first steps are the most difficult. After you make those first changes the others come easier."

Offering training is not new for CUCO. The organisation began as the Credit Union Promotion Club of Indonesia in the early 1970s, conducting basic orientation to credit unions and community organisations throughout Indonesia. More than 25 years later, training is still one of

the principal member services provided by CUCO to the credit union movement.

The CU 2000 Program, however, is innovative in a number of ways. Separate training sessions for Directors and managers, consecutive training modules, action plan creation and progress reports are all new aspects.

The course covers human resource management, financial management, business development planning and policy development. "I am very impressed with CU 2000," says Colin. "It's a systematic approach to training management and boards on separate occasions, but following a similar curriculum. This is the first time managers are actually taking this type of training separate from board members.

"I was also impressed that the model was developed by the people of Indonesia with the help of CCA," he continues. "It is their wish to move in this direction. We are simply here to facilitate and help them reach their goals. This is a made-at-home program for people at home. That's important."

If the results of CU 2000 to date are any indication, the Indonesian credit union movement is on its way to a promising future. In Colin's opinion, its success is certain.

"Very, very simply, when the customers are the owners of the organisation, there is nothing but success ahead," he explains.

"This type of organisation does not have to be huge or make tons of profits. It simply has to provide service to its members. In

many parts of Indonesia, and Canada, a credit union is the only way this can happen." □

Shannon Dumba is a participant in CCA's Youth Experience International, an internship program funded by Human Resources Development Canada.

Ms. Dumba is completing her work placement as a Communications Officer for INCODAP.

How did you evaluate us?

As promoters of dialogue on co-operative issues, linking the ICA and readers, we appreciate the efforts made by our valuable readers to provide us with your frank impressions and suggestions for improvement.

Responses have shown the following factors:

- All readers receive the publication by post.
- 80% of readers read the journal cover to cover.
- The articles on international experience and policy issues are more popular.
- Ranking of different types of articles as valuable to the readers as well as their organisations are as follows:
 1. Case studies
 2. International Experience
 3. Co-operative sector-specific articles
Development Issues
 4. Regional information
 5. Policy information,
Academic papers
 6. Management techniques,
Co-operative human interest stories,
Government relations,
Publication reviews.

Continued on page 13

Co-operative model offers beggars new livelihood

Allie Irvine

An elderly woman touches her hand to her forehead, then reaches out for alms. Travelling from village to village, from house to house, she made her living this way for over 50 years.

Today she is not begging, but remembering her life as it once was. "I felt so bad inside," she said through a translator. "I felt I was worth nothing."

Six years ago, the National Co-operative Union of India reached out to her through its co-operative education project.

Using Government of India funding targeted at underdeveloped states, the program aims at social and economic development through the co-operative model. Women who were beggars have been formed into self-help groups to create income-generating alternatives.

M.R. Kaushal is NCUI's Co-operative Education Project Officer in District Solan, which covers an area of 1,936 square kilometres and has a population of 382,268. The project is headquartered in Solan, a town of about 15,000 on the road between Kalka and Shimla in the green foothills of Himachal Pradesh.

In 1994 the government shifted the project from Shimla to Solan, Kaushal explains, in order to reach the surrounding poor villages. The objective of the project is to encourage co-operatives as a tool for economic and social

development. It helps co-operatives strengthen public distribution, credit, loan recovery, increase awareness, and undertake social and economic development of members.

It reaches out through co-operative educational courses attended by eight to ten people — five days for new members, three days for members, one day for women's development, family welfare and environmental protection.

Leaders of co-operative societies and panchyat members or local leaders help to recruit participants in their villages. There are blocks within the district, one having ten primary agricultural co-operatives. There are two to three panchyats per block, and 20 to 30 villages in a panchyat. Within Dharampur Block, 13 women's self-help groups have been established with over 184 members. An additional two groups are being formed in another block.



Women's self-help group in Dharampur, Himachal Pradesh, India, creates new opportunities for their children

Kaushal says their objective is to make people aware of how to take advantage of government schemes for social development — programs that were previously under-used or abused. People from underdeveloped villages populated by people from schedule or backward castes are the project's target audience.

The project got a boost three years ago when a local society member helped mobilise a self-help group of 23 women. Dharampur Block is in the District of Solan. The Bangala Self-help Group has been operating there for over three years.

These women were largely illiterate, and alcoholism was a

problem in their community. They eked out an existence begging from village to village. Many of them also made a living as snake charmers, or by selling sahi feathers.

When Co-operative Education Project woman mobiliser Sunita Thakur first approached the village, some of the women set their dogs on her.

"They didn't know or trust me," said Thakur through a translator. But she continued to approach different women in the community over a period of eight months, and gradually they accepted her.

"We didn't believe that anything could change," said one self-help group member. "But she told us about things that could help us."

Thakur discussed with the women how drinking and begging would not improve their lives. She explored issues like education, sanitation, hygiene, how to cook nutritious meals and how to improve the overall living conditions and health of the family. She emphasised the importance of sending children to school.

Their husbands were reluctant to allow their wives to join a self-help group. Initially, they resisted the formation of self-help groups in their villages. Project workers tried to assure the men, but was the women who convinced their husbands that they should participate for the benefit of the family.

An immediate goal of the women's self-help group was to find income generating activities that would free them from beg-

ging. The project helped them identify opportunities. They drew on the women's past experience of travelling from village to village, and instead of begging, the women began selling bangles and cosmetics.

Every morning they leave at 8 a.m. and return in the evening at 6 p.m., walking up to five kilometres to neighbouring villages to sell their wares. The women sell independently, but they use their collective power to buy in bulk. Today, they earn between 40 and 50 per day.

While their income has stayed relatively the same as it was when they were begging, what has changed is their sense of self-worth.

"We didn't believe that anything could change" said one self-help group member. "But she told us about things that could help us."

"I felt bad about myself when I was begging. People would scold me or ask my why I was begging if I was able bodied," said one woman. "Now, I can hold my head up in my village and in my family."

Their newly enhanced self-identity shows in the way these women keep their homes and entertain visitors. They pay attention to aesthetics and offer guests tea and biscuits.

With their newly acquired self-confidence came the power to change their circumstances. It was

the wives who took initiative in their homes to stop their husbands' drinking. The husbands have also begun to sell items like chai glasses and shoes.

At home, the husbands are also pitching in. They carry water and wood and help with the preparation of family meals.

Today, the women understand the importance of sending their children to school. "It's important to keep my children in school," said one woman. "I want them to get good jobs."

"My son now has his trucking license," boasted another woman. "I hope to be able to get a loan so he can buy his own truck."

Many of the women had never been a part of an organised group before they joined the project. The project helped them to elect officers, draft by-laws and learn how to run a meeting.

They elected a president, a vice-president, a cashier and a secretary and group meetings are held monthly.

The women began investing ten Rupees per month. Today, that amount has been increased to 20. One NGO has committed 20,000 Rupees to help develop the group further. After three and a half years, things have started to improve. The women have achieved self-respect. Business people who once scorned them will now give them loans and credit.

Most of members were illiterate and had to use their thumbprint as identification on their passbooks. Today, many of them have learned to write their name. The group still encounters many

"I felt bad about myself when I was begging. People would scold me or ask me why I was begging if I was able bodied," said one woman. "Now, I can hold my head up in my village and in my family."

problems. Bankers don't trust them, and banking procedures are inflexible and don't deal well with the inexperienced women members.

The project has acted as an intermediary, reaching out to the community. Project officer Kaushal said it is important that villagers and business people learn to respect each other.

While progress is incremental, a small change has been a big improvement in the lives of these women. Working for a living has raised their self-esteem, and with it the prospects for their children's future.

Many of the women have become involved with other co-operative societies in the area. Within a year, the group hopes to register under the co-operative societies act themselves.

The co-operative education project is looking for new and innovative strategies to improve the lives of villagers. In November, they planned a workshop to train the women on making crafts from recycled waste materials like polyethylene bags, bamboo baskets and dhury. With an NGO to provide expertise, the project will

bring all 13 groups together, giving them an opportunity to interact. The women hope to sell products in the local market.

The possibilities are endless. One self-help group in Solan now co-operatively markets the wool from angora rabbits. Started in 1991, thirty members tend over 70 rabbits. The rabbits are clipped four times a year, producing 300 grams of wool per clipping which sells for 750 Rupees per kilogram.

Their involvement with the co-operative model has also given women ideas of their own. "I want to get a loan to start my own business," said a self-help group member.

The staff involved in this project are genuine and committed to the co-operative model. They continue to work with the groups and attend their monthly meetings to ensure the finances are kept in order. The project has contributed to their sense of self-worth. This is evident in the way they present themselves, the way they keep their home, their strength to speak out (even to men in the community) and their aspirations for their children.

The co-operative model has proved an effective tool for social development in Solan. And by educating women about working together, the principles of co-operation will benefit a new generation.

The co-operative education project is looking for new and innovative strategies to improve the lives of villagers.

Continued from page 10)

7. Economic issues, Co-operative theory, Legislation.
- Majority of readers belong to national level organisations and consumer co-operative organisations.
- Readers vary from chief executives to staff, members and board members as well as academics.

There were specific suggestions made by some readers in regard to the content and presentation. Some of them are:

- Every issue should have a co-operative success story.
- Co-op Dialogue is a valuable part of our international library and information centre.
- The publication meets the criteria of a standard journal having attractive appearance, using quality paper and containing fine colour production, articles and news of varied interests in the co-operative field.
- We would like to receive it six times a year.
- Co-op Dialogue is useful for a quick glance at status quo of Asia-Pacific co-operatives. We appreciate your great work.

Thank you very much for your complements and valuable suggestions. We will make every effort to improve the quality of the publication. Your future comments too are welcome.

One more word to our respected contributors. Whatever complements and responses received, you own a major share of appreciation. Readers have complemented you basically. Let us have more of your insight on co-operative issues.

In your co-operative service,

- The editor and his team

Report of the Special Workshop on the ICA Co-operative Identity Statement – From Theory to Practice

held in Jaipur, India on August 17 to 21, 1997

A special workshop held in Jaipur last August brought together over 50 participants from across Asia to discuss how co-operatives in the region have put co-operative principles into practice.

The workshop heard from academic experts and shared the experiences of the participants.

Dr. Ian MacPherson, Dean of Humanities of Canada's University of Victoria, pointed to the need to examine the interaction between three spheres – members/community, management and structure – and how they influence co-operative identity.

Director of the Unit for Member-based Organisations at Leicester University, Dr. Peter Davis, discussed the need for professional value-based management in co-operatives.

Following presentations by the participants, break-out sessions allowed a deeper examination of how co-operative identity has been put into practice within the region.

The discussion revealed a consensus that the ICIS is not a rigid framework and will allow a flexible interpretation of principles to accommodate the diversity of the region. The identity statement covers three spheres, taking into account a fourth aspect which involves the relationship between the state and the movement:

1. Members and community:

Co-operatives should meet members' needs in a systematic and inclusive manner. Co-opera-

tives should expand the possibilities for co-operative action to informal groups such as self-help, women and youth groups.

Co-operatives should devise mechanisms for providing information to and consultations with members and prospective members. Co-operatives should work towards enhancing members' understanding and appreciation of the nature of economic participation and democratic control.

In the light of changing environment, the distribution of powers between the General Body, Board and Management should be reviewed and should in all cases be understood by all.

Co-op business should be conducted ethically and with due regard to co-operative principles and values. External experts should be included in the board, when and where appropriate.

Members should recognise the importance of electing board members with sufficient business know-how. An effective implementation of the principles and values pre-supposes an understanding of the constraints and problems hindering the application of ICIS.

2. Relations with the government:

Co-operatives should sensitise and initiate a dialogue with political leaders to create an understanding and appreciation of the ICIS. Co-operatives should work towards the incorporation of ICIS in the school curricula.

Relationship with governments will vary from country to

country, but should at all costs avoid creating a culture of dependency.

Structures:

Given the changing socio-economic environment today and the increasing need to be cost-effective, co-operatives should be open to create and renew organisational structures. Search out new economic opportunities, which provide additional and improved services for members and at the same time conforming with co-operative values.

Translate and incorporate co-operative principles and values into the commercial transaction of co-operative organisations (i.e. responsible marketing strategy). Select and develop value-based professionals for co-operative management.

Personnel management policies be devised in such a way as to ensure cross-fertilisation between professionals from within and without.

Create strategic alliances with other business organisations, preferably co-operatives, so as to strengthen co-operative business without losing sight of co-operative values.

Subsidiaries of co-operatives should not be in conflict with the ICIS and co-operatives should take steps to control the subsidiaries so that the profits go back to their members.

These initial guidelines will be presented for adoption at the October 1998 ICA Regional Assembly for Asia and the Pacific in Seoul, Korea.

Environmental Problems and Co-operative Initiatives in the Asia-Pacific Region

Introduction

As co-operators around the world found themselves awed by the intensity of environmental destruction in the 1980s, many member organizations of ICA such as JCCU, SCC, CCA, initiated action programs to promote awareness and concern for environmental deterioration. It offers a substantial opportunity for fundamental national and regional commitments to sustainable human and economic development. In 1972 the United Nations convened the Stockholm Conference on the Human Environment which led to the formation of the United Nations Environment Program. The 20th anniversary of this Conference was the Earth Summit in Rio de Janeiro in 1992. Prior to the Summit, the UN sponsored the World Commission on Environment and Development (WCED) which produced its report "Our Common Future" in 1987. Questions were raised about the costs of economic

Robby Tulus

This was a presentation made by Robby Tulus at the International Symposium on Co-operative Environmental Initiatives organized by the JapanEse Consumers Co-operative Union at the Waseda University, Tokyo on October 25, 1997

growth based on the newly predominant model of outward market-oriented economy, especially the cost to natural resource and environmental systems that are the basis of economic activity and human welfare. This emerging opportunity coupled with pressing global environmental threats presents a clear dilemma for the co-operative movement - which way will co-operatives go to help preserve and protect the environment? To this end, ICA ROAP undertook a series of workshops and published a number of publications, primary

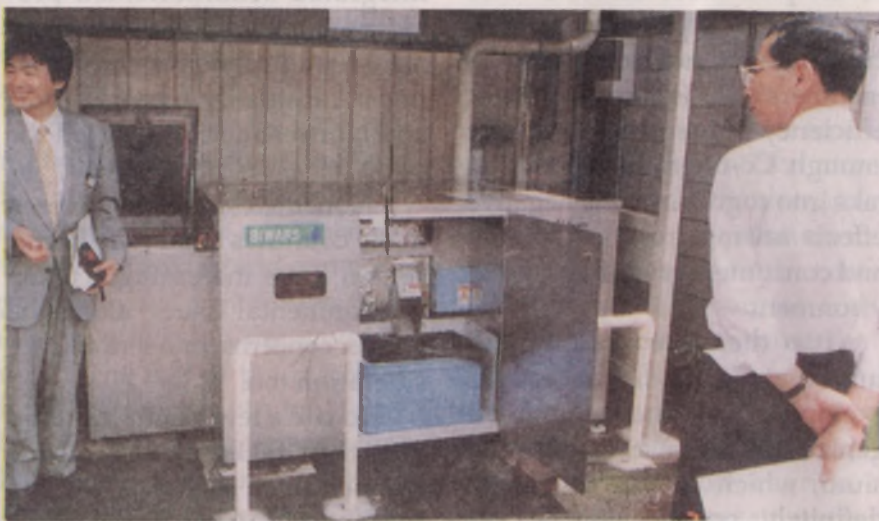
of which was a concise booklet entitled "A Place to Live - Roles Co-operatives can play in protecting the environment", published in the year 1990. It was not until 1995 when ICA's commitment to sustainable development was spelled out in its new principle of "Concern for Community".

As such, 1995 was of particular importance to co-operators around the world as it saw the formulation and formal acceptance of the ICA Statement on Co-operative Identity (ICIS), essentially a re-expression of the definition, values and principles of co-operatives to better reflect the changing socio-economic environment worldwide.

There are basically three major changes in the 1995 version of the Co-operative Principles compared to the 1966 document. Two new principles have been added, and two previous principles have been combined to one.

The first new principle is that of "Autonomy and Independence", giving emphasis on the virtue that co-operatives must be controlled and directed by their members. The second new principle, which I think is highly relevant for this International Symposium, is that of "Concern for Community". As locally-rooted, member-responsive organizations, co-operatives establish a close link with their communities.

There is a strategic imperative for co-operatives to practice the principle of "Concern for Community", because sustain-



Making organic manure out of kitchen waste, An environmental project of Co-op Tokyo

able development must first meet the basic needs of the community through which members could be made to understand and accept consumption standards that are within the bounds of ecological possibility. Sustainable development is best understood as a process of change in which the use of resources, the direction of investments, the orientation of technological development, and institutional change, all enhance the potential to meet human needs both today and tomorrow.

It would therefore be pertinent to state that this International Symposium organized by JCCU demonstrates its commitment to take up this strategic imperative in order to enhance the role played by co-operatives in the economic, social, and cultural development of their communities.

It is well known to most co-operators in this region that a number of development initiatives taken by JCCU have brought about "new age" co-operatives which are active in the field of community health, youth, gender and environmental protection. All of these development initiatives of JCCU support the concept of sustainable development where essential needs of (low income) communities are met, taking into consideration the limitations imposed by technology and society on the ability of the environment to meet those needs.

Historically, co-operatives have fulfilled the socio-economic needs of communities, and have enjoyed success in many countries. Co-operatives are formed mostly by lower-middle income families in the community, to

promote their well-being and eventually to become self-reliant. By their very presence, co-operatives become a countervailing force to mitigate the negative effects arising from growth strategies which often neglect environmental accountability. A measurement of success among community-initiated co-operatives is generally attributed to the fact

All too often co-operatives indulge in economic undertakings and inadvertently lose sight of the fact that sustainable development cannot be reached without taking environmental concerns, and programs of social advancement, into consideration

that these co-operatives are capable in serving members' needs through the provision of services such as credit, production, marketing, processing, farm supply, and savings mobilization. While in the past these services were provided in a prompt and efficient manner, nowadays serving members' needs for the sake of efficiency alone is certainly not enough. Co-operatives must also take into cognizance the negative effects arising from production and consumer services on the environment.

It is therefore most opportune that JCCU has taken this exemplary step once again to organize this international symposium, which in my mind will definitely create a renewed co-operative agenda for change -

regionally as well globally. All too often co-operatives indulge in economic undertakings and inadvertently lose sight of the fact that sustainable development cannot be reached without taking environmental concerns, and programs of social advancement, into consideration. In less than two decades ago governments in both industrialized as well as developing countries set (top-down) policies which focus solely on economic development at the expense of the environment. The situation has changed considerably during this past decade - especially after the 1992 Earth Summit in Rio de Janeiro - as governments and multilateral agencies have begun to transform policies and patterns of activity by taking environmental concerns into consideration, as well as gradually focusing more on causes rather than on the harmful effects of environmental neglect.

Likewise, there has been increased awareness and understanding within the co-operative sector worldwide to shape their policies so as to pursue a more integrated action-oriented programs based on both environmental and economic considerations. Admittedly, Japan, Europe, and North America have led the pack.

Nonetheless, co-operatives in many countries in the Asia Pacific region have increasingly taken environmental issues, alongside gender concerns, into serious consideration too.

To cite a few examples, bold initiatives taken by agricultural co-operatives such as IFFCO in India and NACF in Korea reflect positively their genuine concern



Preparing for an organic farm, Pannala, Sri Lanka

for the environment. The credit union sector in some Asian countries has already adopted ethical loan policies which purposes are geared towards environmental protection and preservation.

The momentum is right for us co-operators to bring co-operatives into centre-stage when speaking about environmental issues in this region. Because it is only pertinent that natural resource and environment management cannot be imposed by external forces but must be left to the local communities by emphasizing the delegation of decision making and consensus building approaches to community development.

Environmental issues are multidimensional in nature, and the multi-sectoral approach can effectively achieve a balance between resource use and economic growth so as to minimize their adverse effects on the environment. The fact of the matter is that governments can no longer deal with environmental issues themselves, nor can it be left to scientists and academics alone to solve this crucial issue. Both gov-

ernments and scientists must be backed by popular participation at the grassroots in their efforts to promote public understanding and awareness of the environment.

Governments require proper institutional frameworks that involve communities in the resolution of environmental problems. It is in this context that co-operatives can play a crucial role in raising membership awareness programs, with the support of expert groups who are more capable in sharing their technical and scientific know-how.

While economic growth in Asia and the Pacific has been spectacular¹, such promising scenario does not hold for the environment in the region. The current production mechanism, industrialization for economic growth, may entail a further depletion of natural resources and raise the fear of worsening the environment. There is also a continuing exhaustion of resources arising from population growth and the intensification of agricultural practices, urbanization, the prevalence of poverty, and an in-

crease in consumption levels in some sectors of society. Rapid depletion of natural resources, and concomitant fallout seen in increasing air and water pollution, urban congestion, solid wastes, and global warming, raise the urgent need for promotion of sustainable development in the region.

With the advent of the Third Session of the treaty's Conference of the (COP-3) in Kyoto in December 1997, the renewed initiative taken by JCCU is a very timely one as it happens just after the Seventh Asia-Pacific Seminar on climate change at Fujiyoshida, Japan, in early July 1997. The outcome of the Fujiyoshida Conference, and JCCU's International Symposium, could provide the needed impetus for the COP-3 in Kyoto in December of this year.

Global Warming

It so happened that while preparing this paper on Global Warming, a disaster occurred in North Sumatra, Indonesia, where 234 people were killed during a plane crash as it approached the smog-shrouded airport. The smog is blamed on forest and ground-clearance fires in Kalimantan, the Indonesian part of Borneo island, and in Sumatra.

The fire rage in much of Indonesia, Malaysia, Brunei, Singapore, and parts of southern Philippines and southern Thailand. It was alleged that many of the fires have been deliberately lit by forest companies and plantation owners wanting to clear land cheaply.

This ecological and human disaster is a clear example of corporations and land owners wanting to reap as much profit as they

can in a short period of time at the expense of the environment. The smoke haze has contributed to global warming as ocean temperature near the fires have increased considerably.

Experts believe that if global warming continues at the current rate, most of the land in the Indonesian archipelago will be submerged. Coastal areas are very sensitive to climate change and will cause sea levels to rise. As a consequence, Indonesia will suffer more than any other country in the world because most of the Indonesian territory is surrounded by sea, making coastlines in Indonesia the longest in the world.

According to the United Nations' Intergovernmental Panel on Climate Change (IPCC), anthropogenic (human induced) greenhouse gas emissions are significantly altering the earth's climate. By the year 2100, average global temperatures are projected to rise by 2.0 - 2.5 degrees Celcius. This projected rise in temperature represents a five-fold faster rate of warming than that observed in the past century.

"Climate change" refers to any change in climate over time whether due to natural variability or as a result of human activity. Climate change historically has occurred as a result of natural forces, but is now occurring in part because of human activities. Human activities over the past 200 years, particularly fossil fuel combustion, have been resulting in significant anthropogenic greenhouse gasses, primarily carbon dioxide. Emissions of these anthropogenic greenhouse gasses have already altered the chemi-

cal composition of the atmosphere. This is creating an "enhanced greenhouse effect", akin to an atmospheric blanket trapping gasses beneath it.

"Global Warming" refers to a long-term rise in the average temperature of the Earth. Observations show that the global average surface temperature has increased by about 01 degree Fahrenheit over the past century. Analyses indicate that this is an unusually large, rapid, and prolonged warming trend, and suggest that the warming is largely due to human influences.

Sensitizing co-operative members on the impact of climate change and global warming is not an easy task. First of all, climate has no market. We must therefore infer a value on climate by showing what impact global warming has on people, and then ask how much they are willing to "pay" to avoid certain negative impact of climatic change both at present as well as in the future.

Another way of inferring value is to make the connection of global warming and human health. Malaria and dengue fever serve as a prime example of climatic sensitive diseases. The geographic range of malaria is generally limited to the tropics and sub-tropics because the Plasmodium parasite requires an average temperature above 16 degrees Celcius to develop. However, malaria has been observed in non endemic high elevations in Africa during unseasonably warm conditions. Climate-related increases in sea surface temperature can lead to a higher incidence of water-borne cholera and shellfish poisoning².

Human migration and damage to health infrastructures from the projected increase in climate variability and severity of storms could threaten human shelters and public health infrastructures and indirectly contribute to disease transmission. Human susceptibility to disease might be further compounded by malnutrition due to climate impacts on agriculture³.

It is therefore critical to recognize that climatic effects have a great impact on human health. Since most co-operative members in rural areas are farmers, it is also important to initiate a campaign on reducing greenhouse gasses⁴.

Global warming could have serious consequences for agricultural production. Some effects may be beneficial but many would be adverse. Climatic changes not only affect the quality of agricultural production, but it may result in having farmers plant their crops in other locations depending on the changing climate conditions. Studies in Vietnam, for instance, reveals the gloomy fact that the northern region of this country, especially the Red River Delta, is the most sensitive to present-day climate variability⁵.

Rainfall fluctuations are strongest in this area and drought and flooding frequently limit crop yields. The vulnerability of southern regions of Vietnam is likely to rise as global warming develops. Where climate used to be stable, and impacts on agriculture less frequent, climate change is now occurring at a higher rate. The increased incidence of drought in south Vietnam as rising temperatures increases evaporation water

loss would be a major impact on global warming.

The range of crops than can be grown may be reduced. Pest outbreaks may become more frequent as temperature and humidity increases in the winter months. And taking future trends into consideration, the Mekong Delta and the coastal areas in the north of the central region are considered to be the most vulnerable to the changes expected to occur as a result of global warming.

The Co-operative Response

Many lessons can be learned from the impact of global warming. Co-operative leaders must be made aware that a holistic approach to development must be adopted. Co-operatives must begin to understand that preventive, not just reactive, approaches must be undertaken.

Reacting to the rise of globalization by making co-operatives more efficient and effective is a good, but not necessarily the best, move. There always exist an inherent conflict between the path of economic development and the need for environmental protection based on the principles of sustainability. Co-operatives must evolve a mechanism to integrate environmental concerns into their economic growth policies, so much so that the integration will change inherent conflicts into complementarities.

With reference to principle No. 17 of the Rio Declaration, environmental impact assessment (EIA) needs to be built into the project cycle when co-operatives undertake their planning exercise. It must also be coupled with Environmental Risk assessment

to abate unnecessary risks as a result of co-operative activities which take place within natural ecosystems.

A. Environmental Impact Assessment

Impact Assessment is an examination, analysis and assessment of planned activities with a view to ensuring environmentally sound and sustainable development. Effective economic evaluation of the environmental impacts of projects requires substantial information on the environment. It is strongly recommended that co-operatives take EIA into their project development cycle if they aim at reaching sustainability.

Although many policies have been biased in favour of promoting economic growth and competitive strength, it must be recognized that EIA could instill a long term view towards sustainability without jeopardizing economic growth.

In doing so, EIA methodology should be developed to give appropriate monetary values to changes in physical impact resulting from global warming and other environmental concerns. China, India, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka, and Thailand have established legal provisions for government agencies to require EIA approval of specific types of projects.

The EIA procedure used at present is more or less standardized and consists of the basic steps of screening, initial environmental examination, scoping, impact statement preparation, review and final decision, moni-

toring and auditing. Many countries review projects on the basis of their potential environmental impact, employing formalized outlines, questionnaires, checklists, and matrices for screening, initial environmental examination and scoping.⁶

Co-operatives have the advantage of being closely link to their members, and hence to their communities. Education and training must therefore address environmental issues, in the same way they address gender and development, so that membership needs are not compromised but enlarged into a long term goal of sustainability. In other words, EAI combines the co-operative principles of "concern for community" with "member economic participation".

B. Environmental Risk Assessment

There is a widely accepted view on the need for risk assessment as a useful method for integrating environmental concerns into projects. Project decisions are increasingly required to ensure that social costs, risks, and benefits are based on sound valuation of environment impacts employing reliable data and empirical evidence.

Risk assessment and full economic evaluation of environmental impacts provide a more complete picture of the true worth of a project by : a. eliminating investment bias towards projects that promote the overuse of natural resources; b. demonstrating key fundamentals for the formulation of environmental policies; c. allowing comparisons of different projects competing for scarce re-

sources. Co-operatives must be at the forefront of implementing environmental risk assessment because it augurs well with the co-operative value of self-responsibility, ensuring that services to members must be safe and sound.

Unlike risk assessment needed for mega projects undertaken by the World Bank or Asian Development Bank, co-operatives can give complementarity by way of sharing their powerful "software" instrument as they deal directly with members and can educate members to avoid future risks to the environment. This can be done by assessing co-operative policies and practices to ensure that the economic undertakings of the co-operative will not be separated from environmental issues. Based on the value of equity and equality, co-operatives must also assess physical impacts on people by giving preferential options for the poor in an effort to improve their well-being. Poverty is both a cause and effect of global environmental problems. Bringing the poor to a level of understanding where they will no longer be subjected to destruction of natural resources is considered a good risk abatement strategy.

Environmental risk assessment has been practiced by the Asian Development Bank for notable projects such as the power plant in Pagbilao, Philippines, the forestry project in Yunnan Province, China, and the Indonesian mangrove project sites.

Conclusion

While environmental issues will become increasingly politicized due to public awareness and major lobbies by advocacy

groups, co-operatives can undertake more pragmatic approaches to these issues.

JCCU has, in no uncertain terms, recognized the power of the consumer and has promoted "green consumerism" to provide environmentally-friendly products to their members. This track record must be proactively exposed to other co-operative partners in the south to assure the marketplace that products will not involve practices that will harm the environment.

The growing recognition of environmental interdependencies must also percolate to co-operative organizations in this region so that experiences gained by advanced co-operatives such as in Japan, Korea, and India, can be learned by other co-operative partners in developing countries for institutional strengthening and regional/ international coordination and co-operation. JCCU can take the lead to organize seminars on Environmental Impact Assessment and Environmental Risk Assessment so that co-operative projects in this region will be carefully analyzed to meet acceptable standards. Compliance monitoring can be introduced to enhance environmental quality and reduce harmful practices.

Global warming is a very crucial issue because unless we curb greenhouse gas emissions the rate of warming will only accelerate. We must also be realistic that reduction of greenhouse gas emission to halt global warming will take a long time to achieve. The crucial consideration is for co-operatives to be given the means of adapting to the changing environment.

Mechanisms to do so can take different forms: introduction of new technology, changes in policy and practice, institutional reform, new cropping patterns, etc.

It would be interesting to see the results of the First Asia Pacific Conference on Transportation and the Environment in May 1998 at the National University of Singapore when they review the outcome of the COP-3 and work out possible mechanism for operationalizing the regional network for climate change.

Needless to say, this first and crucial step taken by JCCU to conduct this International Symposium is but a beginning to renew the commitment of co-operators to do more to protect our environment. Of importance is also the fact that this Symposium is also organized right after the Youth Conference, and it is the young who have the greatest stake in the decision to be made when we enter the new millennium. It is the young who will ultimately translate the concept of sustainable development into new norms of behaviour to assure a healthier and better life for all in the next millennium.

This historic milestone initiated by JCCU deserves special recognition as it will advance the cause of integrated co-operative development that will benefit millions of co-operative members in this region and beyond, particularly the next generation.

Along with other government and non-governmental institutions we must build the network to make development sustainable - to ensure that "it meets the need of the present without compromising the ability of fu-

ture generations to meet their own needs".

Notes

1. The World Bank foresees a 7.2 per cent annual increase in economic growth in the region for the period of 1996 - 2005 which will exceed a 2.8 per cent annual growth rate of G7 countries. Quoted from "Emerging global trends and the Asia Pacific region", in Economic and Social Survey of Asia and the Pacific 1997.
2. Patz, Jonathan A., Department of Occupational & Environmental Medicine, John Hopkins School of Public Health.
3. Ditto.
4. The greenhouse effect - resulting from emissions of some greenhouse gases as a result of human activities over the past 200 years. These anthropogenic greenhouse gases include carbon dioxide, methane (CH₄), nitrous oxide (N₂O), and ozone depleting substances and their replacements. They are generated by a variety of human activities, including fossil fuel combustion, waste disposal in landfills, use of refrigeration, agricultural and industrial practices, and deforestation.
5. Based on material provided by Dr. Nguyen Huu Ninh, Director, Center for Environmental Research Education and development.
6. Asit Biswas and S.B.C. Agarwal, Environmental Impact Assessment for Developing Countries (Oxford, U.K., Butterworth-Heinemann, 1992)

Women's extension workers in Indonesia take a new

It's been said that coming to understand the Indonesian way of life is like peeling layers off of an onion. You get one layer peeled off and begin to gain an appreciation for the way things work only to discover there is another layer underneath. Peel that layer off and you find another and so on and so on.

For co-operative development workers, peeling back these layers and coming to understand what lies under the surface is an integral and challenging part of the job. This is the work Tracey Innes, **Canadian Co-operative Association (CCA)** consultant for the **Indonesian Co-operative Development Assistance Program (INCODAP)**, and a local team of women extension workers from **Village Co-operative Units (KUDs)** undertake as they visit a group of women dairy farmers in Kunningan, a small Indonesian

Shannon Dumba

village set high on the side of a mountain.

A strong wind kicks at the glass door and enters making the Kunningan KUD meeting room almost cold. Inside, a group of about 20 farm women gather. Seated in a semi-circle, the women, all friends and family, huddle close together like birds in a nest. They lean forward attentively and make suggestions as one of their group writes on a large piece of paper taped to the wall.

"Sedikit, sedikit!" their voices offer. The question is: how many cows did people in the area own between 1965 and 1970? Their answer, very few.

Ms. Innes and the five extension workers watch and listen as the women continue revealing information about their



Women packing Soybeans products at a Co-operative

work and their lives. Through INCODAP, CCA and its partner **Gabungan Koperasi Susu Indonesia (GKSI)**, the Indonesian dairy co-operative, have developed a program to offer dairy farmers extension services and training. The goal of this program is to increase the incomes of dairy farmers and to help them improve the quality of their lives by improving production and milk quality. Part of the program involves special training for women dairy farmers.

At this August meeting, the extension workers are using a technique called Participatory Rural Appraisal (PRA) to discover what types of services and training the women most need. Through this technique, the farm women participate in the creation of extension training and services by having their needs and concerns heard.

"We are meeting here to improve your extension program," says Ms. Innes addressing the participants. "To work with you effectively, extension workers have to your problems. This is what we want to get at with these meetings. Once we understand your problems, we can provide training that you will find useful."

Over the course of the weekend the extension workers guide the women through a number of activities. These activities range from creating charts and graphs outlining the division of labour between the women and their husbands, to guiding the extension workers through the village while sketching a map. All of the

activities are facilitated by the extension workers, but carried out by the women themselves. Rather than entering into a village with all of the answers, these extension workers are looking to the people to discover the problems.

"PRA isn't the answer to every problem, but it can help," explains Ms. Innes. "We've got to find out what it is these women feel are their problems. We can tell them over and over again about the proper way to milk a cow, but if they don't perceive it as a problem they aren't going to change. We can't tell them what their problems are."

Ibu Ecoh is one of the dairy farm women participating in these meetings. A strong, confident woman, she seems to be a natural leader. The lines across her forehead and around her eyes give her a determined look. She and her husband have eight cows, a large herd in comparison with most of the farmers in their village. Speaking with Ibu Ecoh, it becomes quite clear that PRA does have a place in creating extension programs for these women. "Through extension, I can learn from other people's experience," she explains. "If I find the experience useful, I will apply it."

Ibu Ecoh's description of extension illustrates the reasoning behind PRA. If the women only apply what they find useful, the extension program must be build around what they perceive to be their problems, not what an outsider perceives to be their problems. The women will only find the information useful and applicable if it is responsive

to what they feel their needs are. As an outsider, however, it is often difficult to pinpoint a community's problems and needs, to peel back the layers. PRA is one tool that can assist in this process.

It was through INCODAP's Women in Co-operatives Program, that three of GKSI's women's extension workers attended training on PRA. It is, perhaps, the training and practical experience the extension workers are receiving that is most valuable. This type of training assists the extension workers in discovering new ways to develop the programs offered by their KUDs now and in the future. Tati is the women's extension worker for the Kunningan KUD. She is a young woman, but what she lacks in experience, she makes up for in enthusiasm. From Kunningan herself, Tati still finds it a challenge to discover the needs of the women dairy farmers.

"PRA is one way we can get information on the resources, potential, and needs of a community by involving the community itself," she explains. "This was the first appraisal, but we did make some accomplishments. We got the women speaking and participating, found some of their problems and now can work on finding solutions."

The problems pinpointed included a lack of grass in the dry season, a lack of mix concentrate, poor animal health and KUD membership that is only open to husbands. Tati will use this information when planning her extension program. But, perhaps just as important as the infor-

mation itself are the connections made during the sessions.

According to Tati, it is very important that the extension workers gain the women's trust. "Before they were only being taught by extension, but now the extension workers are learning from them," she explains.

Tati believes that this weekend's activities built trust and respect and strengthened the relationship between the extension workers and the farm women. This enables the women to open up to extension workers and encourages them to apply the knowledge they gain through extension.

This PRA is only a very small part of INCODAP's program to help GKSI help its members. But, it is representative of much of the work that goes into this type of co-op development project.

As one advisor put it: "The work CCA and GKSI are undertaking through INCODAP is not simply a matter of riding in on a Holstein, solving all of the problems and riding off into the sunset. To succeed, this co-operative development project must involve much more. Peeling back the layers and coming to understand the people and their way of life is the first step. Building relationships and gaining trust, whether it be with dairy farm women and men or Boards of Directors, are the second step. These are the ongoing challenges that form the foundation of the program, a foundation essential to its success." □

Shannon Dumba is a participant in CCA's Youth Experience International, an internship program funded by Human Resources Development Canada.

2nd Asian/African Conference of Women Farm Leaders of Agricultural Co-operatives : Tokyo

The 2nd Asian/African Conference of Women Farm Leaders of Agricultural Co-operatives was held in Tokyo, Japan, from 5th to 9th November 1997. The conference was organised jointly by the International Co-op Alliance Regional Office for Asia and the Pacific (ICA ROAP), Afro-Asian Rural Reconstruction Organi-

agricultural sector in the Asian and African Regions;

- * Identify problem areas facing farm women leaders in setting up supporting organisations and making them operational in the service of this group;
- * Suggesting ways and means to develop leadership among farm women through edu-



Women Farm Leader's Conference in progress

sation (AARRO), Central Union of Agricultural Co-operatives of Japan (JA-Zenchu), and the Institute for the Development of Agricultural Cooperation in Asia-Japan (IDACA).

The conference was attended by 43 participants representing 22 countries and three international organisations.

The conference was organised with the following objectives in view :

- * Take stock of the current situation of farm women in

cation, training and extension and by other means;

- * Suggesting possible areas in which agricultural co-ops could provide the needed services/support; and
- * Identifying the role of national and international organisations in promoting further the interests of such a group to enhance their bargaining power.

The conference took note of some of the obvious and common facts, i.e. women cannot be

admitted to full membership of agricultural co-operatives; they cannot hold land titles; low representation on boards of directors or managing committees; high costs for procurement of raw materials and problems of marketing of their products; high levels of illiteracy among rural women; lack of access to funds, lower levels of recognition; lack of awareness on family welfare programmes; inadequate or weak organisations for women; higher levels of exploitation and abuse of women; hard labour in farm activities; and higher strain - social and economic - on them due to the menfolk migrating to cities leaving women behind to attend to household chores and farm activities.

Agricultural co-operatives of some of the countries, especially those of Japan, have provided the needed organisational support to rural women through women's associations, which, through their programmes, promote better-living activities.

These associations have developed programmes which are aimed at providing nutritional foods, care for the aged, grooming of young brides and girls in the rural areas, generate savings, health care, recreation, protection of environment, procurement of household supplies through co-operative network, promoting a good family environment - social and economic. Such associations are voluntary and operate as autonomous organisations parallel to the formal structure of agricultural co-ops. However, their activities are fully supported

by the agricultural co-operatives. Women who account for 60 per cent of the Japanese farming population are an indispensable force for agricultural production.

Values of self-help, mutual responsibility, equality and equity are held dear by the co-operative institutions and must, therefore, be held in common by all co-operators - men and women. It is considered necessary that all possible efforts are made and

"Today an immeasurable number of women farmers are active in regions of developing countries where conditions are particularly rigorous; they take the duties of housekeeping and child-rearing on their shoulders on one hand, while on the other they fight dire poverty, environmental destruction and food shortages. These people suffer from mental and physical hardships and economic disadvantages as they are discriminated against simply because they were born women."

proper encouragement is provided to enhance the skills, productive capacities, status and dignity of women in all sectors, especially in rural areas. Efforts should be made to bring them into the mainstream of decision-making process at all levels, equal to men, in order to fortify further the co-operative movement.

Women suffer due to the degradation of environment on

account of shortage of firewood, shortage of water, hard working conditions because of smoke while cooking in some countries, and lack of pasture lands for cattle. Women are also the great contributors to the protection of environment through working on nurseries under farm forestry programmes, etc. The conference noted that women can participate effectively in not only growing more trees but also protecting them thereby re-energising water resources and firewood. The conference also took note of the FEEED (Food, Energy, Environment, Employment and Development) steps in which women can play an important role. Women are recognised as major contributors to the process of development provided they are organised, motivated and properly led.

The FEEED steps are the essential factors to ease poverty conditions among rural women. The conference suggested that all these elements are included in development strategies.

In addition to specially invited guest lecturers, the conference was addressed by Mutsutami Harada, President, JA-Zenchu/IDACA.

Addressing the conference, he said: "Today an immeasurable number of women farmers are active in regions of developing countries where conditions are particularly rigorous; they take the duties of housekeeping and child-rearing on their shoulders on one hand, while on the other they fight dire poverty, environmental destruction and food shortages. These people suffer from mental and physical

hardships and economic disadvantages as they are discriminated against simply because they were born women."

Conclusions and Recommendations

Some of the recommendations made by the Asia-African Women Farm Leaders Conference were:

1. Efforts be made by agricultural co-operatives and government agencies to help farm women organise in groups/associations thereby providing them with empowerment, collective bargaining power, and opportunities to develop themselves, enabling them by taking participatory decisions and sharing responsibilities in operating their own organisations.
2. Agricultural co-operatives and government agencies to install, develop and expand literacy programmes for rural women through appropriate education, training and extension programmes, enabling them to read, write and manage their own family incomes/expenditures and family business operations.
3. Appropriate steps be taken by agricultural co-operatives and government agencies to provide rural women with leadership development programme through co-operative education, extension and development programme which are adequately supported by relevant and simple teaching materials and visual aids on key issues effecting women e.g.,

family welfare, child/mother care, sanitation, environment, farm practices and inputs, local traditions, superstitions, and so on.

4. Agricultural co-operatives and government agencies to develop and expand vocational training and development facilities thereby providing the rural women to generate additional income by producing handicraft material, objects and souvenirs for tourism and other industry, farming, household items of daily use and organise marketing channels through retail outlets, exhibitions and showrooms in urban areas. Rural women be encouraged to handle community-related services, like midwifery, nursing, baby-sitting, repairs of common use household equipment, raising of saplings in nurseries for social forestry programmes including some professional jobs, enterprise and business management skills, assertive training and public speaking.
5. In order to enhance participation of women in decision-making process, agricultural co-operatives and government agencies to provide for reserved positions on boards/managing committees as has been done in some countries in the region.

Co-operative organisations and the government agencies are to impress upon respective governments to review and revise their policies and legislation to provide for the following:

- Review and revise co-operative policies, laws and co-operative by-laws enabling more of rural women to become full members of agricultural co-operative organisations;
 - Reservation of seats on elected boards/managing committees;
 - Enable women to own land titles and assets, and in countries where such laws exist their effective implementation is urgently needed;
 - Enable women to borrow money from financial institutions on easy terms;
 - Encourage more women to become members of agricultural co-operatives;
 - Recognise the value of labour put in by women in farm production, domestic and child-rearing responsibilities, and quantify it in economic terms; and
 - Intensify gender sensitivity training and education programmes.
6. The conference made a strong plea to the participants to explore fund-raising possibilities for their development projects with donor agencies.

The conference advised the participants to keep the ICA/AARRO/JA-Zenchu and IDACA informed of the decisions of the Embassies and JICA offices.

It was pointed out to the participants that the Government and the JICA do offer assistance to grass-root NGOs engaged in developmental work for rural women. □

My association with the Indonesian co-operative movement - An exercise in self-development

The association

During the nearly 35 years of my professional work in the co-operative movement, eight good years were devoted to the service of the Indonesian co-operative movement. I have been one of the very few Indians who had the opportunity of working for the development of the co-operative movement of this country.

For five years I had worked and led the ILO-UNDP and ILO-Swiss KUD Development Projects together with the Department of Co-operatives and the Dewan Koperasi Indonesia (Dekopin). During these projects we were able to develop, install and experiment with the concepts of co-operative management consultancy (CMC) and self-supporting member education activities. A large number of CMC consultants and member education trainers were trained who were subsequently deployed by co-ops in the field. Happily,

Daman Prakash

Director, International Co-operative Alliance Regional Office for Asia and the Pacific, New Delhi

For good eight years I drank the waters of Indonesia Indah from Banda Aceh, the West-most tip to Irian Jaya, the East-most tip of the country, and saw for myself, unfolding before me, the secrets of the fascinating blending of the cultures and religions of Indonesia with those of my own... The Indonesian leaders and intellectuals have the capacity, capability and wisdom to strengthen their own co-operative institutions, which are the heritage of Indonesian culture, thought, philosophy and tradition of 'Gotong Royong' - the spirit of Working Together.

these activities are still in operation.

For almost two years, I also worked as a Senior Technical Consultant on a JICA/JA-Zenchu-Japan-sponsored team on Project for Integrated Development of KUD

in Indonesia. The rest of the period was spent on various developmental activities in Indonesia of the International Co-operative Alliance (ICA), with which I have spent a major portion of my life, including the organisation of the 2nd Asia-Pacific Co-operative Ministers' Conference held in Jakarta in February 1992, which was inaugurated by President Suharto. In my professional work

I had also the pleasure of associating myself with senior level co-operative leaders, government leaders and officials, scholars, managers, trainers, field extension workers and basic members of all types of co-operatives, especially the KUD. I had also participated in a number of seminars, conferences and technical meetings organised by the Dekopin, the Department of Co-operatives, universities, institutions of higher learning and co-operative institutions.

My best associations were with the basic members of co-operatives and the field extension workers. These simple people were real, objective, sincere and full of enthusiasm. My contacts with them were very rewarding. During the course of my work in the country, more intensively from 1981 onwards, I drank the waters of Indonesia Indah from Banda Aceh, the West-most tip to Irian Jaya, the East-most tip of the country, and saw for myself unfolding before me, the secrets of the fascinating blending of the culture and religions of Indonesia with those



The author (third from right) with the JICA-JA Zenchu team and the Secretary General of the Ministry of Co-ops and Small Enterprises Devevelopment, Indonesia

of my own. It was heart-warming for me to visit KUD Temple in Yogyakarta, in the vicinity of the world-famous Buddhist Borobodur Temple, which was once visited by none other than the President of India.

Based on my interaction with the individuals, institutions, studies and observations, I have also written several articles and produced some teaching manuals and training packages, some of which were translated into Bahasa Indonesia and published. I do not claim that I have a comprehensive knowledge and understanding of the Indonesian co-operative movement, but I do appreciate the situation and follow the trends in their development.

Indonesian co-operatives had the advantage of receiving technical advice on their development from a number of international organisations and co-operatively-advanced countries. Major contributors have been the ILO, UNDP, FAO, JICA, FES, ICA, CCA, CCD, Swiss Development Corporation, and others. The government and the movement had participated in all these development-oriented exercises. A number of institutions have been created. I had the benefit of observing all these developments.

On the learning side, I was able to absorb the finer points of the Javanese culture and the way of life of the Indonesians.

Based on these first-hand professional experiences, I would like to bring a few points to the attention of policy-makers, co-operative workers, leaders and co-professionals with the objective of strengthening further the movement and making it more mem-



Some brasswares produced by one of the KUDs

ber-driven and service-oriented. Co-operatives, particularly the rural co-operatives, are today standing on the crossroad - to sustain themselves or to perish. They are re-evaluating their strategies in the context of open market economic forces. Many of them are afraid and many of them assert that they can withstand the pressures of competition because they think that their members are with them and they conduct business with them.

The broad spectrum of the movement

The Indonesian Co-operative Movement has two principal segments - the KUD segment and the non-KUD segment. The KUD (Koperasi Unit Desa) are the rural multipurpose co-operative institutions at the primary level with a higher level of involvement of rural population — the farmers, farm workers, small traders, fishermen, dairy farmers.

The non-KUD segment covers the rest of the lot, for example thrift and credit co-operatives of civil servants, armed forces, industrial workers, professionals, traders

and all other types of co-operatives. The KUDs are structured vertically in provincial business federations of KUDs (the Puskuds) and the national federation (the Inkud). Milk co-operatives and KUDs doing milk business are federated into a national federation of dairy co-operatives (the GKSI).

There are nearly 16 national level business federations of all types of co-ops. All of them are the affiliates of the Dekopin. The non-KUD sector is regarded to be self-sustaining, self-propelling and self-supporting, and consequently does not look for financial support from the government. They finance their own programmes from their own resources and provide to their members a variety of services, like consumption loans, consumer goods, housing assistance, medical care, consultancy, member education and staff training. One of these federations established its own commercial banking institution. Some federations have their own production units, sales outlets, and fairly large business operations, like batik federation and dairy federation.

The rural co-operatives sector

In the rural sector, nearly 10,000 KUDs service roughly 20 to 30 per cent of the national population, and roughly 50 per cent of rural Indonesia. The KUDs were conceived with three principal objectives in view:

(i) It was necessary that the farmers are structured, organised and provided with some full-time remunerative opportunities;

(ii) The existing land resources be appropriately re-organised with a view to ensure that a constant flow of food-grains to the people is maintained; and

(iii) An institution, like that of a KUD, be installed to help the farmers to make the best use of their land resources and serve as a link between the farmer-producers and the consumers through the national food-stock agency-Bulog.

The KUDs were established by the government with the main objective of maintaining national food supplies in collaboration with the Bulog. These institutions were procuring rice and other grains from the farmers, doing simple processing, rice milling, and distributing essential commodities including farm inputs.

In order to ensure that the supply and distribution functions operate smoothly, they were provided with several services and facilities, warehouses, rice milling units, drying floors, transportation equipment, monopoly on distribution of chemical fertilisers and disbursement of farm credit.

They were also given incentives by way of commissions on fertiliser distribution and farm credit disbursement with the objective of strengthening their capi-

tal base and business operations. It was envisaged that KUDs would eventually become economic centres for rural Indonesia and, also strengthen democratic management practices in the country. Since a large number of members, management members, managers, employees were involved in the KUD sector, the government also created and operated a set of training and development institutions at the provincial and national levels, the Balatkops and the Puslatpenkop.

To cater to the needs of the entire co-operative movement, with the support of the government the movement created several development institutions, the IKOPIN (the Institute of Management), the AKOPs (Academies of Co-operatives), and LAPENKOP (Institute of Co-operative Education) to support human resource development activities.

President Suharto has consistently advocated the expansion and development of KUDs in the country. He had once said: "*Co-operatives must be built up to be a proper*

means to gather power for the economically-weaker group...Through co-operatives we want to distribute, equally, development output which will lead towards social justice."

This sentiment echoes the feelings of Pt Jawaharlal Nehru, the first Prime Minister of India, himself a strong advocate of the co-operative movement, when he said: "*...but my outlook at present is not the outlook of spreading this co-operative movement gradually, progressively as it has done.*"

My outlook is to convulse India with the Co-operative Movement, or rather with Cooperation: to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere; and finally, indeed, to make the co-operative approach the common thinking of the country.. Therefore, the whole future of the country really depends on the success of this approach of ours to these vast numbers, hundreds of million of people."

During my work in Indonesia, I had watched President Suharto, with great admiration and respect, speaking to the farmers in remote



The author (second from left) as a member of the JICA-JA-Zenchi team visiting a primary rural co-operative in West Java

villages, explaining to them, like a teacher using a very simple language, the advantages of co-operative action, and its great force in improving the living conditions of rural populace of Indonesia.

As the executive head of the country and as prime-mover of national economic development, the President had provided strong support to the KUD and motivated the farmers to get into the fold of these rural co-operative institutions. He wished that a KUD becomes a centre of economic activity at the village level and members make the best possible use of its services - be they social or economic.

The five-year national economic development plans have made special mention of these institutions and made handsome financial allocations for their promotion.

The government, at the moment, however, believes that co-operative institutions should become self-reliant by undertaking more of business, and thereby generate funds for themselves and for providing services to their members.

The 1945 Constitution of Indonesia recognises the principle of cooperation - which, by itself, is a unique provision in any national Constitution. Co-operatives in the country are currently regulated by two distinct laws - the Co-operative Law of 1992 and the Presidential Decree No. 4/1984 (especially for the KUDs).

The Ministry of Co-operatives and Small Enterprises Development implements the laws and is responsible for the registration and guidance of co-operative institutions through its field offices.

The national apex - The Dekopin

The Dekopin is the national apex of the Indonesian co-operative movement. There are provincial and district level co-operative councils, called the Dekopinwil and Dekopinda.

"...but my outlook at present is not the outlook of spreading this co-operative movement gradually, progressively as it has done. My outlook is to convulse India with the Co-operative Movement, or rather with Co-operation: to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere; and finally, indeed, to make the co-operative approach the common thinking of the country...Therefore, the whole future of the country really depends on the success of this approach of ours to these vast numbers, hundreds of million of people."

This network has the responsibility of safeguarding the principles and values of cooperation, enriching co-operative thought, advising the government on current co-operative thinking, consulting with the government on various problems faced by various sectors of the movement, promotion of co-operative institutions, organising member education

programmes, issuing publications and journals on current topics, and holding national co-operative congresses.

Co-operative institutions are obliged to pay a certain percentage of their profits to the Dekopin network to undertake promotional activities.

The Dekopin also represents the Indonesian movement at various fora including the *International Co-operative Alliance (ICA)*, a Geneva-based world confederation of co-operatives of all types.

The Dekopin is also a co-founder of the Asean Co-operative Organisation-ACO.

Challenges faced by rural co-operatives

Almost 90 per cent of the KUDs are engaged in rice procurement and distribution of farm inputs and consumer goods. Farm products in Indonesia are varied - some include high-value commodities like coffee, tea, cloves, rubber, oil palm, coconut and the others deal in rice, maize, soybeans, fruits and vegetables, fisheries and dairying.

The economic situation of the KUDs has considerably weakened since the introduction of open market system, withdrawal of farm subsidies, and restricted purchase of rice by Bulog from the local farmers. With the deregulation of farm chemicals, chemical fertiliser except Urea, seeds, the business levels of KUDs have gone down considerably.

The KUDs, which hitherto had enjoyed full protection from the government and a considerable amount of monopoly in some commodities, are finding it diffi-

cult to survive. The KUDs outside Java are facing difficult times. This is due to several reasons.

In Java, the KUDs have better marketing opportunities, more of business ties with private enterprises, communication and transportation facilities are better and an easy access to high consumption areas, more experienced management, and application of post-harvest methods and techniques, and a somewhat higher level of technology.

KUDs outside Java have several limitations, like a limited number of members, larger area of operation, limited range of farm products, lack of farm machines, inexperienced board members and untrained employees and lack of infrastructure, transportation and communication. Due to inadequate business operations, KUDs have lost credibility in certain areas. They lack capital, equipment and market access.

Credit supply has become expensive. Deposits received from the members are not productive due to 'no interest' or very low interest given. Voluntary deposits in KUDs are negligible. Farm credit on concession terms is not available to the farmers.

The Bukopin, a co-operative-owned commercial bank, does not extend farm credit on concession rates. There are no district or provincial co-operative banks, except the BRI-Bank Rakyat Indonesia, a government-owned bank. This serves as a government channeling bank only.

The business linkages between the KUDs and the Puskuds on one hand, and between the Puskuds and the Inkud, on the other, are very thin and weak. The

Puskuds often tend to compete with their own affiliates thereby killing their initiatives and business. Horizontal linkages among the KUDs and among the Puskuds is also absent. They do not have the advantage of any business information system.

Finding market for the members' product is becoming difficult. No KUDs, except for the milk co-operatives, undertake any 'value addition' or 'agro-processing' activities. The GKSI (Dairy Union) acts as a main coordinator for the supply of fresh milk to private milk processing companies. It also operates its own milk treatment plant in Bandung of a limited capacity. It has also promoted production of balanced cattle-feed in association with some of its affiliates.

The current main business of a majority of KUDs, Puskuds and Inkud revolves around government-sponsored programmes, like the procurement of cloves, distribution of chemical fertiliser and disbursement of farm credit.

Procurement of cloves is a KUD monopoly. Puskuds and the Inkud are the main players in association with the BPPC-national cloves procurement agency. Many clove farmers have complained of a complicated price settlement system. Clove-cigarette manufacturers are obliged to procure their entire cloves supplies only from the BPCC.

Processing activities like cattle-feed manufacture, rice milling, fruits and vegetable processing are not undertaken so extensively. Even in the province of Kalimantan where oranges are widely grown, or in apple-growing areas of Malang in East Java,

no KUDs or the Puskud has undertaken any processing activity. The KUDs, located as they are in rice-growing areas and whose main business is rice, have made no significant efforts to create a brand-name of the product to accelerate its marketing to the advantage of their members. As a result, much of farm products become unremunerative for the farmer-members.

Although there is a government classification of KUD - Mandiri and Mandiri-Inti - (there is a 13-point criteria developed by the government for the KUD to fulfil to graduate to these higher categories: from a simple KUD to KUD Mandiri and from KUD Mandiri to KUD Mandiri Inti) the quality and range of business of these KUDs need improvement. Co-operatives which do not conform to the Mandiri criteria need to be merged with stronger ones.

The process of amalgamation thus becomes inevitable if the members have to be serviced. The amalgamated co-operatives could perhaps become specialised branches of the main KUD and provide more efficient services to the members. Co-operatives could pool their resources to become strong and efficient.

Role of co-operative leaders and policy-makers -An opportunity for self-evaluation

Looking at the current situation of the KUD sector, and the problems faced by them and their members, it is necessary that the policy-makers and co-op leaders evaluate the roles of the two segments of the Indonesian movement. There cannot be a better timing for this than the 50th Indone-

sian Co-operative Day (1997). The following issues might be of some interest:

Examine critically and to the best advantage of the members, the entire relationship between the KUDs and the Puskuds, and between the Puskud and the Inkud, from the viewpoint of economic business rather than of a formal membership by holding some serious and professional type of national conventions attended by KUD basic members and leaders.

With a view to activate KUD business, introduce the concepts of Joint Marketing, Joint Purchasing, Joint-Use Facilities, Joint Use of Capital and members' accounts settlement procedures. This will encourage KUD-KUD relationship at the horizontal level.

Encourage KUDs to enter into joint ventures with private enterprises to overcome the shortage of working capital, in some selected sectors such as horticulture, fruits and vegetable processing, poultry, livestock etc.

Members' deposits with the KUDs should be made more attractive by giving market rate interests, especially on voluntary deposits. This will strengthen the working capital base and enhance members' participation in KUD business.

Farm credit be made available on concession rates to increase agricultural production and to strengthen economic position of farmer-members. For this, establishing a chain of district/provincial level co-operative financing institutions become inevitable.

Comfortable funds be provided for undertaking member education, farm extension and KUD staff training programmes.

With a view to consolidate education and training programmes and strengthen related institutions, a National Council of Co-operative Education and Training (NACOCET), under the joint patronage of the government and the Dekopin, be established, and provided with adequate funding.

The government is, in any way, obliged to educate and train the co-operative members and employees.

The NACOCET could be assigned the tasks of research, training, education, co-operative extension and development for the entire Co-operative Movement. This will, hopefully, streamline the HRD efforts instead of maintaining a host of present HRD institutions and funded by the government.

The Inkud, in association with other business federations and the government, to establish a market information system, for the benefit of co-operative institutions in the country.

Special grants or 'no interest' or 'low-interest' funds be made available to the KUD and KUD members in some sectors like rattan processing, rubber processing, sugarcane cultivation, horticulture, cattle-feed production, upgrading of existing rice milling units, land-tilling and transportation equipment.

Weak KUDs be amalgamated with others to create stronger units for providing better services to their members. The amalgamated KUD could then serve as technical service branches of the main KUD. They will eventually work together with private enterprises in agro-processing sectors.

The quality of advisory and other services from specialised institutions like the insurance and audit co-operative be further improved and the costs be made more reasonable for the KUD/co-operative to be able to afford.

These are not perfect solutions to the problems I perceive, but I strongly feel that the vast natural resources, the high quality of farm-
the strength of education and training structure and the capacity of co-operative leaders enable the Indonesian co-operatives to face the challenges of the open market economy. The KUDs have now to face stiff competition to survive.

The spirit of tolerance and Panchashila has kept the country together for so long, promoted its social and economic institutions, and given courage to the people to carry on further the missions of national heroes.

It should be clearly understood that co-operative institutions still continue to provide strength to any national economy whatever economic policies and political methods are pursued by any nation. They involve a large number of people from the rural areas, they undertake a wide range of business and are a significant link in the national economy.

They are all the more relevant to the developing economies in present-day context of open market economy, Indonesia being no exception.

Indonesian leaders and intellectuals have the capacity, capability and wisdom to strengthen their own co-operative institutions, which are the heritage of Indonesian culture, thought and tradition of 'Gotong Royong'.

□

Effective co-operative system towards twenty first century - a South-Asian perspective

Current Economic Environment in Asian Countries

The current situation of co-operatives has to be evaluated in the context of current socio-economic environment in order to find causes and effects and also to determine the future role.

Economic Environment

Asian continent began its journey towards current development stage after the Second World War. Different countries took different paths- some were highly dominated by capitalist macro economic policies and some took socialist and inward looking policies aiming at self-reliance. There were three economic philosophies adopted in Asia: capitalistic, socialistic, and mixed.

Although Japan adopted protectionist approaches at the beginning towards domestic industries, the overall macro economic policies encouraged overseas investments and approaching global markets in all economic spheres. East Asian countries followed suit later, and adopted outward looking production and market strategies. Foreign direct investments have been encouraged and the so-called Asian tigers were able to attract new technology and heavy industries as well as agro-processing industries. East Asian economies were able to increase their share of world exports from 8% in 1965 to 20% in 1994.

In contradiction, South Asian countries adopted trade policies to export primary products and

import substitution through domestic industries. Primary commodity prices have been unstable, thus hindering the stability of these economies. East Asian markets were more open than South Asia, which were closed. East Asia not only traded with each other, but also looked for intra-regional trade, which brought in competitiveness and quality in their products. The ASEAN organisation, which came in to existence, facilitated the process. South Asian countries have not been able to even co-operate with each other.

These trends were further supported by structural reforms in Japan, South Korea and Taiwan after the Second World War. Land reforms were carried out like a military operation giving lands to tenants and putting land ceilings. This was combined with credit reforms, ensuring small farmer and entrepreneurs their credit needs. These developments had immediate impact on the agricultural co-operatives and till today, agricultural co-operatives enjoy monopolies of production.

On the other hand, South Asian economies carried on with the feudal or semi feudal structures ensuring the traditional absentee landlordism. Sri Lanka at least had taken bold steps to have land ceilings, but other countries still remain the same. In such a situation, agricultural co-operative would not have the potential to grow as one could desire.

A study (1997) conducted by The Human Development Centre

Upali Herath

Regional Advisor
Consumer Co-ops and HRD (ICA)

in Pakistan has revealed following facts on the development situation in South Asia.

- The per capita GNP of South Asia (\$309 in 1993) is lower than any other region in the world. 500 million people live below poverty line while South Asia has 22% of the world's population. Nearly 40% poor in the world live in South Asia.
- The adult literacy rate of 48% in South Asia is the lowest in the world.
- South Asia has increased the military expenditure by 1.6% every year whereas rich nations reduced the expenditure by 24%.
- East Asia has maintained good governance wherein the state, business, bureaucracy and civil society have had a nexus and accountability while maintaining rule of law. South Asia is still looking for the essential elements of good governance.

Debt trap is another problem of Asian developing countries. Total long-term debt as a percentage of 64.7% of the GNP in Sri Lanka in 1987 is the highest followed by Bangladesh at 50.6%. Debt servicing as well as the pressures from monetary organisations has been difficult for Sri Lanka and Bangladesh for a long period.



Tradition 'Ghuti' (co-operative) living still survives in Newari village, outside Kathmandu, Nepal

Labour migration to affluent countries as well as traditional commercial crops have helped these countries to maintain at least minimum level of foreign exchange balances. However, the social cost of labour migration has been heavy.

Deficits in balance of trade have been a constant problem faced by South Asian countries. Their market share in the global trade has been a negligible 1%. They could not gain any competitiveness. Co-operative trade has been negligible and confined only to agricultural products mainly. With the slow economic growth and the transitional issues, the developing countries in Asia, especially South Asia would have same problems with the cooperatives in the area of structural adjustments to the new situations.

On the other hand, they would have opportunities to re engineer their corporate systems from distribution orientation to market orientation if they were able to use the present strength under the protected business.

Social Environment

Social development is means and end of a co-operative society in the community terms. Therefore, social indicators influence the functioning of a co-operative.

A co-operative basically depends on the empowered membership and self-reliance for its survival. Therefore social development levels have a relationship to the success and failure of a co-operative organisation. Success of co-operatives in Japan, Korea, and Singapore are clear examples.

Adult literacy rate in South Asia is the lowest in the world, but Sri Lanka has the highest in South Asia. Its 90% literacy is comparable to developed countries. Health facilities are available to 93% of the population. However Sri Lanka has higher rate of deaths (one half of under five year deaths) due to malnutrition. The annual birth rate has declined to 1.5% while other country record a higher rate.

The Asian countries are still committed to maintain a stable food security systems irrespective

of their developmental level. Japan as well as Bangladesh in two extremes maintain subsidies, and stockpiling of food grains as well as regulating market prices for locally produced essential food products.

Co-operatives in all countries play a very important role in this activity. Even with the WTO agreements and related compulsions, so far the Asian countries have been able to maintain basic needs to the communities.

With a growing pressure on the international monitory institutions and the WTO itself, some arrangements acceptable to developing countries could emerge in the future.

Ethnic conflicts in South Asia have taken a heavy toll on human lives as well as economic growth. Relatively, military expenditure has increased in many South Asian countries.

After the UN Summit on Social Development, the trend to forge alliances between the governments and the people's organisations would benefit co-operatives to maintain their social agenda.

With the adoption of the Principle of Concern for Community, the co-operatives would need to create balance between the economic activities and the social agenda. Co-operatives in the social sector such as health, better living and energy are growing fast at present.

The recently established Asia Pacific Health Co-operative Organisation could take a lead in many health care fields. Co-operative youth organisations are another new phenomenon.

Relevance of Multi purpose Co-operatives (MPCs) in the Current Situation.

Concept of Multi purpose Co-operatives (MPCs)

Sri Lanka had a single purpose co-operative system with parallel and vertically federated movement until 1956, when the multi purpose co-operative system came into existence. This has a different development than other countries due to economic and political reasons. Japan started with single purpose co-operatives, which had undergone changes in the agricultural co-operative sector after the 2nd world war. Agricultural co-operatives started merging and many other services have been added. They have now become multi service co-operatives. Sanasa co-operatives in Sri Lanka are also trying taking the same path, by offering consumer and marketing services.

However, there is a basic distinction between a multi service co-operative and a multipurpose co-operative. Multiservice co-operatives maintain a single, major purpose of organising a co-operative such as credit, agriculture or housing, while undertaking related and subsidiary services to the members as decided by them. These co-operatives still stick to the basics.

Multipurpose co-operatives, on the other hand, are formed to meet several purposes of equal importance to the members. Multipurpose co-operatives as operate in Sri Lanka are formed to meet several economic and social purposes of members. They provide credit, agricultural inputs, consumer services etc. hav-

ing the same importance. Few co-operatives in India function in the similar lines.

Multi purpose co-operatives have a great relevance to the poor communities that do not have a higher purchasing power, so those co-operatives can become viable. Although the 1956 experiment was based on socialist ideals, the co-operatives could become more viable than earlier single purpose co-operatives. Royal Commission on Co-operatives in Sri Lanka in Sixties too considered the viability factor and suggested further amalgamation.

These co-operatives in the present context have relevance due to two reasons:

Firstly, the rural communities could manage their lives better with integrated and interrelated service system e.g. providing consumer credit during non-cultivating periods.

Secondly, the bigger co-operatives with larger volume of business could sustain themselves in a poorer communities. The cost of operations would become lower in the context of fixed salary structures for co-operative employees.

Current Thinking of Co-operativism and Multi purpose co-operatives

Co-operative thought and the approaches have undergone tremendous change during last ten years. When the debate on the identity of co-operatives and the values has started in 1988, the structures and the operations of many co-operatives have come to a crisis situation. Corporatisation of co-operatives have already started in Australia, UK, USA and

Scandinavian countries. The giant co-operatives have already started declining. In that context, the user owned and user-controlled co-operatives have become the key word for judging the character of a co-operative.

In the mean time, the alarming development has been the adoption of co-operative strategies to attract the members by the private sector companies. Multi nationals such as Makro have started organising exclusive members clubs and offering over the counter discounts to regular customers. Than Ho Sen store chain in Thailand has gone further and started offering vocational training and welfare services to the identified customers.

Since the adoption of new Co-operative Identity Statement and seven Co-operative Principles, the size and the functions of co-operatives have been subjected to further scrutiny. The co-operative movements in developed countries have still faced the dichotomy of facing growing competition from the private sector companies for which they had to have a sound financial base and market strength to face and sustain competitiveness, while they also had to adhere to the new culture of co-operatives as expected from the new identity.

The mergers have not yet stopped. Japanese agricultural co-operatives as well as consumer co-operatives are still undergoing voluntary mergers. The Co-operative Wholesale Society and The Co-operative Retail Society in UK have merged half way. Therefore the reinventing co-operatives to have a new identity in the present context is a complicated

exercise for co-operatives. The multi purpose concept of co-operatives hold validity due to many reasons:

For the first time, the ICA identity statement defines a co-operative officially. The definition allows co-operatives to meet common economic, social and cultural needs and aspirations of the persons associated with the co-operative.

The multi purpose co-operative would provide opportunity to accumulate and utilise collective and individual resources by members to meet the competition from the market.

The same membership could own and use different economic activities depending on their own interests under one organisation.

The rational use of resources by one organisation would minimise the cost of operations.

The possible strategic business alliances between producers and consumers under one organisation would bring more economic benefits to both. Competitiveness in prices is a key word for success in the current market.

Raising capital will be better arranged through an integrated system of credit, production and marketing in one co-operative.

However, the multi purpose concept has to be firstly conceived by the members as an approach for their progress, rather than retaining a structure created for a different purpose. The forced amalgamation of small co-operatives in Sri Lanka in 1972 has aimed at using co-operative as a agent for village level development encompassing all economic and social activities. The central

economic planning was based on the area of operation of large primary co-operatives named as multi purpose co-operative. Essentially, the members themselves have to decide on the form of organisation that they would like to establish for their own benefit. However, the multi purpose co-operatives in Sri Lanka are still saddled with the legacy during distribution oriented closed economy of nineteen seventies.

Another dimension is the pursuance of multiple objectives has the test of democratic management, social responsibility and the economic efficiency. Reconciling all these factors is not that easy.

A co-operative is an autonomous association of persons united to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

-ICA Statement on the Co-operative Identity

Factors Affecting the Multi Purpose Co-operatives

External Factors

Politicisation

Politicisation of co-operatives exists in Asia in many countries in different degrees. Agricultural multi purpose co-operatives in Japan have been identified with the conservative parties such as LDP. NTUC sponsored co-operatives in Singapore are identified

with the government. This interface with the political system has no specific ground rules other than the ideal alignment should be through safeguarding the interests of the co-operative and without compromising on the values the co-operative believes in.

The degree of politicisation in co-operatives has a pendulum of ideology of co-operatives and political systems to the criminalisation of politics in relation to co-operatives. Philippine co-operatives use the concept of 'critical collaboration' with government and the Japanese consumer co-operatives tend to contest in at least in the local government elections to win their demands. UK has a visible co-operative party affiliated to labour party.

Many countries are now trying to disengage co-operatives from the extended arm of political system through government machinery. This has had a slow progress in South Asia due to the close links the co-operatives have with the food security and the rural economic development policies.

Level Playing Field

It is expected that the free market economy would provide equal opportunities for all entrepreneurs to compete ideally. However, during the period of economic transition, specially influenced by the international financing agencies, the experience of the developing countries has been that external pressures dictate the transition more than the domestic compulsions.

It is also expected that sufficient measures by the government have to be taken to offset the

imbalances created when the past social security systems and the protected economic enterprises are dismantled.

The governments are unable to disengage themselves from the co-operatives in developing countries in South Asia still, which has restricted the co-operatives in making their own critical decisions in regard to the form of enterprise they would like to have and the culture they would like to maintain. Although legal provisions have been made to eliminate the obstacles of the small entrepreneurs, the co-operatives do not enjoy the facility.

Using co-operatives as vehicle of maintaining food security system and as an agent of carrying out poverty alleviation programmes have made co-operative impotent to take their own path.

The dependence on the distribution system has not only has become a sickness, but also a reasonable ground for political interference. Low margins they receive are not in keeping with the private sector in regard to return on investment.

Structurally, level playing field is created by legislation affecting different forms of enterprise and their ownership. Some of these legislations may be discriminatory in order to safeguard the micro enterprises such as co-operatives in the presence of multinationals and large domestic enterprises which is justifiable to the extent that these micro enterprises are owned by economically backward and socially deprived sections of the community. Therefore retaining the earlier preferences given to co-operatives can still be justified.

Regulation of consumption patterns to make them sustainable is an agenda, which has been endorsed by the governments during social summit and earth summit. Therefore it is necessary to regulate the market aggression and the unethical advertising by the private consumer industry, so that it can pave way to reduce the wasteful consumption from the lower level of economic groups and encourage saving and economy habits. Major income of the multi purpose co-operatives comes from the rural banking system. Consumer protection laws are always co-operative friendly, as the co-operatives in actual sense adhere to ethical practices.

Dark Side of the Market

The multi purpose co-operatives have been engaged as distribution agencies for public distribution system and the poverty alleviation programmes by the governments throughout. They had no options, other than depending on the margins given and the protection provided by the government. Due to the rigid nature of documentation and the scarcity of essential commodities there was no room for any other incentives, commissions, gifts etc. as practised by the open market systems.

Liberalised economies ideally should become more efficient and accountable to the general public, but the experiences have shown otherwise. World Bank report of 1992 on governance and development admits that the corruption in these countries is prevalent and considered as complex and varied. In East Asian economies except Singapore, the corruption is an intrinsic factor.

Transitional economies of former socialist countries have experienced worst situations. Large number of assets belonging to the former collectives and co-operatives in Vietnam has been sold to private individuals and companies with huge commissions accrued by the officials and leaders.

Black economy is currently visible in many developing countries, especially in the case of India. It has also been found that corruption is rampant in the countries where the judicial systems are not well developed or does not enjoy autonomy.

Corruption has been described as 'behaviour which deviates from the formal rules of conduct governing the actions of some one in a position of public authority because of private rewarding motives such as wealth, power or status' (Nye JS-1967: American Political Science Review Vol. LXI No.2 'Corruption and political development: a cost benefit analysis')

However, the long-standing free market economies, which have a tradition of freed markets with open competition possess in built people's mechanisms to combat corruption. India has attempted to practice public interest litigation mechanisms through judiciary, which has brought some far-reaching results.

Corruption in the corporate culture has been used to achieve dominance in the markets and eventually to get hold of the political system for company's benefit. Better governance and in built mechanisms in the civil society only would eliminate such domination.

Cost of corruption has taken tremendous toll in co-operatives. Recently two large consumer co-operatives in Japan virtually collapsed due to bad investment in overseas real estate. Several agricultural co-operatives too had several scandals involving huge sums of money. Some large national co-operative federations, which had huge profits in the past in India, have started accumulating losses due to corrupt buying and selling practices by the leaders and some managers. Few co-operative banks in Maharashtra have collapsed due to bad investments forced by politicians. This phenomenon has become a major cause of collapse of co-operatives more than the market competition, especially in the case of newly liberalised economies.

The corruption in the market place has negatively influenced large primary co-operatives in different ways:

- Unwise and unplanned investments in fixed assets and real estate projects;
- Nepotism through which excess and inefficient manpower is being brought;
- Bad purchase and selling practices which involve commissions;
- Patronage of political parties through co-operative finances;
- Misuse of co-operative resources for personal and other purposes which are unrelated to co-operatives
- Wrong decisions made for the benefit of private parties and detrimental to the health of co-operatives;
- Wilful pay off from co-operative funds to bureaucracy

and political system for personal benefits.

The co-operatives, as enterprises within a given economic system will be able to function ethically where there is openness and transparency in the market. In order to eliminate its own corruption, corporate governance and democracy would play a major role. When the members could have an active role in business decision making as in the case of consumer co-operatives in Japan, corruption can be arrested to a greater extent.

Internal Factors

Corporate structure

The structure of co-operatives in many developing countries in Asia including Sri Lanka follows the traditional hierarchical structure for carrying out their functions. This pyramidal structure has several layers of management, which results in heavy cost to maintain. A recent study conducted on some large dairy co-operatives in Gujarat, India has found that they are unable to increase the price for milk to the farmers due to heavy overhead costs. The result is the gradual loss of market share to private vendors. The very purpose of organising dairy co-operatives to give a better price to the producer has been lost.

The modern business organisations have started looking towards a more flattened and network form of organisation, which is more cost effective and efficient in functioning. Some of the features are:

- Down sizing the organisation into more closely-knit network of independent function based groups. These

business units take the total responsibility for profitability and the efficiency of the unit. This is based on former profit centre concept. The only link they would have is the common vision and the corporate plan. Swedish Co-operatives started practising this approach way back in Nineteen Seventies. The multi purpose Co-operatives having several business units could easily introduce the concept.

- Task orientation in smaller groups. Groups could again break up on the basis of different focuses.
- As a market scale business unit, the small group becomes accountable more than before and undertakes teamwork for group responsibility.
- The players in the team would become more career oriented and independent in functioning. Partnership for work sharing is decided mutually.
- Developing value added skills would bring more competitiveness.

The organisational change in the corporate systems has become much faster, and the change is a result from the awareness of the environmental change. Therefore, the modern organisations have become learning organisations.

Productivity

Productivity has become a key word in the modern enterprise system in order to be in competition in the market. Resource productivity is being measured for re engineering the processes. More productivity from fewer resources is the prime

indicator, which has been used. Productivity involves labour in the service industry such as in multi purpose co-operatives or consumer co-operatives. The co-operatives in many countries have ignored the relationship between worker and the productivity of the organization.

However, the bottom line is the involvement of workers to reach out the targets of productivity through training and exploring creativity if such incentive scheme is to work.

Management Culture

Management culture of the modern enterprise system has changed from management to shared leadership. Creation of visions and sharing it with the work team and the attempt to realise it has become the foundation now.

In contradiction, the management thinking and the culture that exist in many co-operatives today in developing countries has been adopted from old enterprise system. Professional managers have adopted the same theories and principles as well as strategies. In this situation it easily replaces the member with the customer.

The new co-operative identity statement provides a specific value system for management of co-operatives. It also provides boundaries of functioning with the mention of social, economic and cultural purposes. This criterion flows through the performance of cooperative organisations as perceived by the members as common needs for them create the niche market for Co-operatives in a free market economy. Japanese consumer co-operatives

have been practising a unique management system, which involved members for business decision making and unanimity in the consciousness in the market environment. Therefore, they were able to gain a substantial market share in spite of severe competition from the private sector. The co-operatives in the emerging market economies would need top managers who consider them as having a different management culture than the private enterprise system. The consumer co-operatives declined in numbers as well as the market share with the loss of such an identity.

Corporate Governance

Corporate governance has become vital for the survival of co-operatives due to the fact that they have become weak and alienated from the user owners. Large primary co-operatives hitherto functioned as any other enterprise system with passive shareholders. Stake holders participation in decision making has become marginal.

A strong factor that hindered an effective governance system is the involvement of the government in co-operative business. In the case of India, the government participates as a shareholder too. The other factors, which obstructed a proper governance system, are:

- Large membership of the primary co-operative
- Centralised decision-making process, without delegating to the branches.
- Poor functioning or the absence of functional committees

- Domination by professional managers in decision making while the leadership lacking management competence
- External influence on policy making as in the case of MP of the area
- Absence of intermediary democratic mechanisms such as consultative committees or reference groups.
- Archaic legal provisions barring the management committees and general body to make their own decisions without referring to the Registrar.

However, even within the present legal framework, the democratic control over the affairs of the co-operative is possible. Some successful attempts have already been made by MPCS in Sri Lanka in this regard. The devolution of powers of decision making to the branch committee has shown tremendous potential. Strengthening of a proper representational system such as Han group system in Japan could bring more results to co-operatives.

The corporate governance as a total system involves other levels as well. Secondary and tertiary organisations should be directed by the owners - primary co-operatives to serve their own needs. At present in many developing countries in Asia, these federated Co-operatives either compete with their own members or engage in other businesses, which are not meeting the needs of their members.

Member Participation

The primacy of the member in a co-operative is a known factor, but the actual practice varies

from passive participation in the business affairs to the inactive membership. In a successful co-operative organisation, the members participate in:

- * Capital formation,
- * Creating visions for the organisation,
- * Deciding on the values and ethics of the organisation,
- * Deciding on the nature and the volume of business,
- * Actual business in the co-operative,
- * Taking decisions on the disposal of surpluses of the co-operative.

These functions separate the co-operative from a private enterprise. Members' role in co-operatives in the future has to change if the co-operatives are to survive in the open market.

Within the given framework of limited margins, democratic decision making process, the labour over capital theory of co-operatives, and the discouraging policy on accumulation of capital etc. would not allow co-operative to openly compete with a strong private sector, but would have its own market share with the members. It is a niche market that a co-operative has to look for.

Towards 21st century

Co-operative Identity

The new co-operative identity statement and specially the seventh principle- concerns for community would drastically change the behaviour of co-operatives. In some form, although the seventh principle has approved the social agenda of current co-operatives, there will be sustainable development issues such as environment that are to

function as checklist for all activities.

Therefore one could call it a re-inventing process for co-operatives. The co-ops should then be more responsive and accountable to the membership and also display a greater concern for the survival issues of the human race and the earth such as environment.

Another factor arising out of the new identity statement is the social agenda for co-operatives. They should engage in developing human capital through such services as health care, care for the aged and dead, literacy etc. Provision of basic human needs would take a prominent position in co-operatives.

Which type of Co-operatives?

The emerging free market environment will provide the basic criteria for the role of future co-operatives. As an example, if Sri Lanka government would engage in corporatisation of agriculture by creating water markets, privatising agricultural extension services, totally withdrawing subsidies and encouraging commercial crops at a disadvantage to food security, the co-operatives scattered in the rural areas would have a vital role to play in helping the farmers majority of whom live below the poverty line. Therefore, economic policies of the government are the determinant factor.

Likewise, if the health care were also withdrawn creating a threat to the public health, the MPCSS would need to engage in social and service enterprises more than at present.

However, the viability of a large multi purpose co-operative

is still cannot be questioned. On the other hand, small village level credit co-operatives are unable to compete with the commercial banking system without the support of the MPCSS based rural banking system.

Therefore, the situation may develop to such an extent that isolation would lead to decline in the market. Co-operation among co-operatives may have to become the Mantra for co-operatives for their survival.

The micro-financing projects supported by the World Bank through commercial banking system in India has already entered into financing self-help groups.

The type of co-operative that would survive can be described as: having fewer layers of organisational structure, more autonomous and decentralised units, oriented towards producing high value added goods and services, creating niche markets, quality conscious, more responsive to members, innovative and user of highly trained and flexible staff.

Disengaging Governmental Control

The involvement of government in co-operative affairs would stop automatically, when the public distribution system has been withdrawn and when different mechanisms for poverty alleviation programmes have been found. However, this is not yet to happen as the structural adjustment programme after economic liberalisation process has not brought expected positive results.

The only possibility would be a different partnership on equal terms through which the co-operatives would have say in determining ground rules of the agree-

ment with government to carry out such schemes.

Many governments in the Region have changed their legislation's to liberalize co-operatives, Philippine being the most progressive legislation. Still the registrars are used to issue directions some of them can be considered as ultra virus. This legislation has to come to the equal standing with the company legislation so that cooperatives too could enjoy the same status as private enterprises.

Andhra Pradesh State Government in India has adopted dual legislation to meet the reality - one for the co-operatives, which have not obtained any government assistance and the old one for the co-operatives, which have got government funding. Accordingly, Registrars functions too are changed.

Social and Economic Justice

The subject falls into enterprise issues as well as value based issues. The future co-operatives will be compelled to play a more proactive role in balancing the imbalances created by the free market economies by serving the poorer sections of the community.

Misfired calculation of positive results of the open market has seen in many emerging problems:

- The unemployment has increased in spite of foreign investments and encouragement given to private sector
- The unskilled labour has got marginalised and displaced
- The living conditions of the lower 20% of the community have gone down further.
- Health factors such as nutri-

tional conditions are declining

- Food security for the people below poverty line has been threatened
- Environmental degradation has become alarming and threatening the ecological balance
- Feminisation of poverty has grown to bigger proportions

Therefore, co-operatives in the future would have to live upto the principle of concern for community by responding to the community needs. Safeguarding the micro enterprises and providing services to these enterprises would strengthen the position of Co-operatives among the masses.

Strategic Alliances

One of the most neglected co-operative business strategies in developing countries is strategic alliance with other partners. On the contrary they have ventured into competitive business with their own constituents. MNCs and TNCs have used this strategy to strengthen their position in the market. Joint ventures and partnership enterprises have been used for domination over the economies.

The strategies alliances as a strategy has had certain limitations in the past, but with the new set of principles, the alliances even with the private sector is become a reality. The partnerships can be forged in different ways:

- between producer and consumer co-operatives;
- between consumer co-operatives and individual producers;

- Between the co-operative and the manufacturer;
- Joint buying practices;
- Joint ventures.

The underlying principle for business alliance would be the member's service with the values believed by co-operatives.

In Conclusion

Entrance to the 21st Century with a more open economic environment would provide large primary co-operatives such as Multi purpose co-operatives in Sri Lanka more potential for growth and diversification.

With the increasing gap between the poor and the rich would make co-operatives all the more relevant.

In preparation to the forthcoming millennium, the co-operatives need to rethink about their present corporate visions, structures and the strategies.

Repositioning in the market system may be a difficult task for them, unless they become proactive in their approaches to emerging entrepreneurial activities. With the gradual withdrawal of government from co-operatives, the ailing ones would die and the strong would survive. However, this would set environment for new form of co-operatives to emerge with a new leadership. The traditional leadership would have to change to the changing market environment to steer their co-operatives or to withdraw from co-operatives allowing them to survive.

Eventually, co-operatives continue to remain as the live wire of poorer section of the deprived community. □

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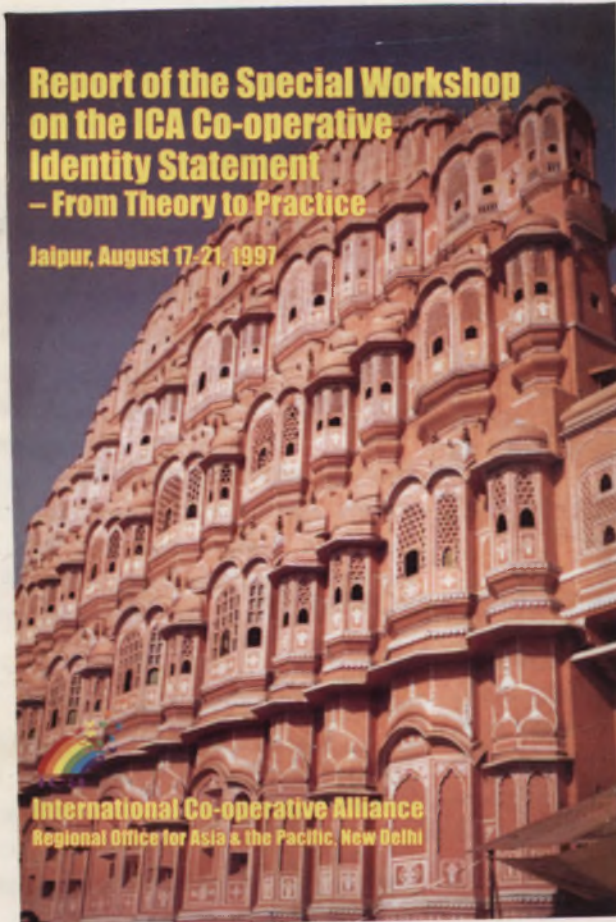
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