

Review of International Co-operation

Volume 86 No. 4 1993



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Issue No 6/1993

Editor: Mary Treacy

Co-op Leader Celebrates One Hundred Years

A group of his friends from the co-operative movement gathered to celebrate the hundredth birthday of Will Watkins on December 5, 1993, at the Southern Down Nursing Home in Chipping Norton, Oxfordshire, where he now lives quietly in retirement. The Co-operative gathering was followed by a family get-together.

At the birthday celebration Mr. Watkins was presented with a card signed by hundreds of co-operators from around the world, a token of the affection and respect with which he is still regarded by co-operative leaders worldwide.



Will shares a joke with Peter Clark, Secretary of the UK Co-operative Party.

William Pasco Watkins, a leading figure in the British and worldwide Co-operative Movement, is a

former Director of the International Co-operative Alliance.

Born in Plymouth in 1893, Will Watkins trained as a teacher and gained a London University degree in Philosophy and Economics. After service in France during the First World War, he became a tutor at the Co-operative College, then based in Manchester. In collaboration with college Principal Professor Fred Hall, he wrote a classic work - "Co-operation" which for 25 years was the official textbook on the subject.

In 1929 he joined the ICA to help edit its publications and direct the International Co-operative School. From 1940 to 1946 he worked on



A group photo to celebrate a memorable occasion.

cont/d on back page

News from the Regions

Europe

European Advisory Committee

Members of ICA's new European Advisory Committee met for the first time in Brussels on 10 November, under the chairmanship of ICA Vice-President Graham Melmoth. The EAC approved its terms of reference as well as those of two working groups which have been established to deal with internal and external issues. The two working group chairmen, Lars Hillbom of KF, Sweden, and Giuliano Vecchi of Confcooperative, Italy, reviewed their workplans and schedules. Detailed reports on their work will be given at the ICA's European Regional Assembly, scheduled for the week of 24-28 October, 1994, in Prague.

Insurers Celebrate Anniversary

The Association of European Co-operative and Mutual Insurance Companies (ACME) celebrated their 15th anniversary on 5 November with a seminar on future goals and priorities. ACME's members are 27 groups of insurance companies from 17 countries, which collectively represent some eight percent of the European insurance market and provide services to 26 million persons.

(Forum de l'Economie Sociale, July-Sept. 1993)

Conference on Social Economy

Some 800 participants representing European co-operatives, mutuals, and associations met in Brussels from 8-10 November to discuss their contribution to the economic development and social cohesion of Europe. ICA Vice-President Graham Melmoth, speaking at the opening ceremony, said that the co-operative movement is an indispensable part of the "social economy", and shares many of the same values with mutuals. He emphasized, however, that co-operatives must maintain their separate identity when dealing with major economic and social issues.

Africa

Regional Consultative Meeting on Gender Planning in Co-operatives

From 25-28 October, gender conscious co-operative leaders, trainers and policy makers from 11 countries in East, Central and Southern Africa gathered in Nairobi, Kenya, for a regional gender planning meeting. The meeting which was organized by the ICA ROECSA and the Kenyan Co-operative Movement, was chaired by the Vice-President of the ICA Women's Committee, Ms. Bernadette Wanyoni.

The purpose of the meeting was to promote an understanding of gender concepts and approaches; to exchange experiences and lessons on gender issues in co-operative development and hence to promote a better understanding of the situation of women in co-operatives in the region. The meeting considered public information on the state of women vis-à-vis the ICA Women Policy; and to advise the ICA regional office on how it could more effectively facilitate the process of gender planning so as to promote and influence discussion and action on gender issues.

Editorial

At its meeting in Brussels the European Advisory Committee decided, as part of its strategy for improved communications, to submit a report on Europe for inclusion in the ICA News. All ICA regions are invited to do likewise and to submit either a full page or a column for publication in each issue of the ICA News. In 1994 the approximate deadlines for submission of material are as follows:

Jan 15, March 15, May 15, July 01, Sept 01, Nov 15.

We look forward to receiving your contributions and wish all our readers a very HAPPY NEW YEAR.



World Overview



Belgium

Consumers In Debt?

Responding to the increase in the over-indebtedness of consumers, the Belgian Co-operative Centre of Consumerism, with the help of the National Bank of Belgium, commissioned a study and organised a conference on the phenomenon at the Palais des Congrès at Liège on September 28, 1993. Following the study, a brochure has been published which reveals the lack of preventative measures and help available to consumers and also makes several concrete proposals on how the problem can be tackled at the social and legal levels.

Co-operative Longevity Analysed

The Co-operatives Section of the Quebec Government has analysed the "survival rate" of co-operatives created in the province since the establishment of the first co-operative law. The results are as follows:

Category	Longevity more than 5 years	Longevity more than 10 years
Consumer Co-ops	87.8 per cent	77.1 per cent
Production Co-ops	94.4 per cent	86.8 per cent
Worker Co-ops	70.3 per cent	40.5 per cent
Total average	85.6 per cent	66.2 per cent

The study concludes that co-operatives appear to have, in general, a life expectancy which is greater than that of other kinds of enterprise.

(Infocoop, Government of Quebec, July - August 1993)

Co-operative Youth Exchange?

Between March and July 1993, the Canadian Co-operative Association (CCA) and Rooftops Canada Foundation sponsored an international youth exchange with the Philippines. Under the scheme, ten young Canadians spent two months acquiring experience while working in Filipino co-operatives (and living with Filipino families).

Five young Filipinos attended the CCA Youth Congress in Toronto in addition to work placements with Canadian co-operatives and credit unions.

Finland

Answering the Recycling Challenge

The second Finnish recycling fair was held in Riihimäki in August 1993. Hosting over 100 companies and organisations, the fair included exhibition stands, info booths as well as seminars, training sessions and other events open to the public. The Finnish consumer co-operative companies EKA Corporation, S Group and Inex Partners and the Finnish Consumer Co-operative Association (FCCA) took part in the fair presenting their own Eco-programmes.

Together with the Finnish Nature Preservation Society, EKA Corporation has initiated a three-year project involving ordinary waste disposal, building-site debris management and methods of analysing the life-cycle of products. Each EKA company is making its individual contribution, ranging from eco-friendly room cleaning in Restel hotels to projects on energy-saving homes and eco-designed apartments at Haka construction. S Group co-operatives, including the leading retail chains "S Market" and "Prisma", offer modern and efficient customer services that give full consideration to the environment. Consumer interest in a customer-operated detergent vending machine was also tested at the Inex stand.

Finnish Co-op environmental action gives equal consideration to the problems of consumers and companies. The goal is to develop intelligent and economic recycling through projects involving close collaboration with research institutes, public bodies, private companies and environmental groups.

Crédit Mutuel Optimistic

The co-operative bank, Crédit Mutuel, has reported 1992 profits of F.Fr. 1.5 billion (US\$ 264.3 million), and maintained its position as the fifth largest retail banking network in France. Chairman Etienne Pflimlin said in an interview that his group had managed to increase market share and hoped to maintain net profits at least at the same level this year. Mr. Pflimlin is a member of the ICA Board.

(Financial Times, 7 October 1993)

India

Management Programme in Eighth Year

The Institute of Rural Management, Anand (IRMA) in India, will be holding its eighth General Management Programme, from March 14 - July 16, 1994. Designed to enhance the effectiveness of CEO's and divisional heads of large farmer co-operatives, the programme will include core courses, advanced electives, field-trips, lectures, seminars and project work. Nominations will be accepted until January 31, 1994. Programmes Officer: IRMA, Post Box #60, Anand 388001, India.

NAFED Helps Earthquake Victims

In October 1993 The National Agricultural Co-operative Marketing Federation of India contributed Rs. 10 lakh to the Prime Minister's Relief Fund for the victims of the earthquake in Maharashtra. The sum included a donation of one day's salary by all of NAFED's employees.

Ireland

Cork to Host 1994 Forum

The Irish League of Credit Unions is to host the 1994 International Credit Union Forum from 3 - 7 July 1994. The Forum will be opened officially by Mary Robinson, President of Ireland, and will feature Michael D. Higgins, Minister for Arts, Culture and the Gaeltacht, as Keynote Speaker. Themes will be Safety and Soundness, Services and Market Development, Values and Principles and Europe in the 1990s: Choices and Challenges. There will also be reports on development projects and from the World Council's membership. Registration forms can be obtained from WOCCU, 5810 Mineral Point Road, Madison, Wisconsin 53705, USA.

Subject to obtaining adequate funding, a symposium on Women and Credit Unions is

tentatively planned for July 1 - 2. Further information from the WOCCU Women in Development Task Force, P.O. Box 2982, Madison, Wisconsin, 53701 USA.

Police Open Credit Union

In September 1993, Poland's fiscal police opened the Gdansk Fiscal Police Employees Credit Union with 45 founding members. The decision to start a credit union, followed a seven month investigation into credit unions, instigated in October 1992, after complaints by banking officials that the then newly-opened Gdansk District Heating Company Credit Union was conducting illegal banking activities.

After police had raided the Credit Union, its leaders met with officials of Solidarity who began running full-page articles on credit unions and also published a letter to Poland's President condemning the police investigations. The fiscal police then went to the Foundation for Polish Credit Unions for help and eventually decided, not only that the Credit Union's activities were perfectly legal, but that what they really needed was a credit union of their own.

Exposing South Asia

The Federation of Thrift and Credit Co-operative Societies (FTCCS) is planning to hold its 2nd South Asia Exposure Programme in the latter half of February 1994. The objective of the programme is to formulate development policies pertaining to credit and community development fields to match the needs of South Asian region. For further information please contact Mr. L.B. Dasanayake, General Manager, 'SANASA, 3/3 Edmonton Road, Colombo 6.

Second Successful Forum

The UK Co-operative Council held its Second Annual Forum in New Century Hall Manchester on 26 - 27 November. Sessions were held on Setting the Co-operative Scene, the Co-operative Opportunity, The Legislative Framework, Corporate Responsibility, Governance and Business Ethics, followed by an Open Forum.

Reports from UKCC, c/o Co-op Bank PLC, PO Box 101, 1 Balloon Street, Manchester M60 4EP.

Co-op People

E. Argyris, President of the Panhellenic Confederation of Agricultural Co-operatives, was elected Deputy in the Greek Parliament during the parliamentary elections of October 10, 1993.

Chris Baker, formerly Director of World Council of Credit Union's Washington, D.C., office, was appointed WOCCU's new CEO on August 2, 1993. He succeeds **G.A. Charbonneau**, who retired as CEO in October 1993.

Sid Bildfell, former Chief-Executive Officer of Saskatoon Credit Union (Canada), has been appointed CEO of Saskatchewan Credit Union Central.

Frank Dahrendorf, 59, has retired for health reasons from his position as Chief Executive Officer of the Board of the Union of Consumer Co-operatives (VdK) in Berlin. **Wilhelm Kaltenborn**, 56, was appointed member of the Executive Board of VdK where he has equal voting rights with the second Executive Board member, **Werner Müller**. Since 8 December, 1993, Martin Bergner is Head of the Office of the Executive Board and is responsible for international co-operation, union affairs and management bodies.

Jeremy Edes Pierotti joined the Government Relations Department of the National Co-operative Business Association (USA) as legislative representative on November 1. Prior to joining NCBA he worked as advisor to Senator Herb Kohl on health, labour and small business issues.

John Fisher, General Chairman of Nationwide (USA) and past Chairman of the International Co-operative and Mutual Insurance Federation (ICMIF), received a 1993 Horatio Alger award (USA) for "great success in the face of adversity and struggle".

Silas K. Kobia has been appointed Managing Director of the Co-operative Insurance Services Ltd. in Nairobi (Kenya), by its Board of Directors, with effect from October 1, 1993.

Shri V.B. Mahajan has taken over as Managing Director of National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED). Formerly he was Acting Managing Director of NAFED.

Sam Mshiu has been appointed Regional Coordinator for East, Central and Southern Africa of the International Labour Organisation's CO-OPNET and can be contacted through the ICA Regional Office in Moshi.

Carlos Nagovitch Nazario, a representative from the Co-op Movement of Puerto Rico, has been appointed President of the Confederation of Co-operatives of the Caribbean and Central America.

Walter Pahl has received the first prize of the World Habitat Award 1992 for his co-operative housing project in Mannheim, FRG. After saving 400 public dwelling units from demolition, he then modernised them and transferred the stock into the newly-founded housing

co-operative, Ludwig-Frank. On October 4, 1993, Hilary Clinton presented Mr. Pahl with his prize, which will be used for the cultural centre of the co-operative.

Roger Ramaekers, Co-President of the Federation for Housing Co-operative Societies (FESCOLAB) Belgium, has been appointed President of the co-operative section of the European Committee for Co-ordination of Social Housing (CECODHAS). During this two year presidency, **Pierre Muylle**, Secretarial-Administrator of FESCOLAB will deal with the secretariat of the section. **Eduardo Bobe**, from the Catalan Co-operatives, has been elected Vice-President.

Peter Rowbotham, a Principle Officer at Barnsley's Education Department and Chairman of Barnsley Regional Committee, was elected Chairman of Co-operative Retail Services (UK) to replace **Brian Hellowell**, who had been Chairman since 1985. Mr. Rowbotham has been a Board member for six years and a member of the Regional Committee for 13 years. **Brian Lake** will replace **Les Ryder** as CRS Vice-Chairman.

Shuichi Satoh, the former Vice President of Zenkyoren and the President of Akita Prefectural Mutual Insurance Federation of Agricultural Co-operatives (Japan), was elected President of Zenkyoren, on July 30, 1993.

Robert D. Scherer has retired from the National Co-operative Business Association as President and CEO effective May 1, 1993. He has been replaced by **Russell C. Notar**.

Isao Takamura, former President of the Japanese Consumers' Co-operative Union, has retired at the age of 70 and become the Honorary President of both Co-op Kobe and JCCU. **Shigenori Takemoto** was elected President of JCCU.

Hon. **Bernard Wolimbwa**, the ICA Regional Council Chairman for East, Central and Southern Africa, has been appointed the ICA's Alternative Vice-President for Africa. **Momodou Dibba** from the Gambia is Vice-President for Africa.

JA ZENCHU Central Union of Agricultural Co-operatives, Japan, has re-organised its International Affairs Department. The following changes have been made:

Fumiaki Aruga has been assigned to Executive Director in charge of International Affairs; **Sadayuki Tamoto**, former Executive Director in charge of International affairs, has been assigned to Chairman of JA System Development Centre; **Hiroshi Nishido** has been assigned to General Manager of International Department; **Masahiro Matsuda** has been assigned to Manager of International Section; **Yoshitada Nakaoka**, former General Manager of International Department, has been assigned to General Manager of Central Co-operative College; **Kazuo Tsukada** has been assigned to Manager of Agricultural Policy and Planning Section.



Co-operatives and Poverty Eradication

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) held a meeting on Poverty Alleviation in September in Bangkok. Mr. W.U. Herarth, Human Resource Development Officer from the ICA ROAP attended the meeting and provided a statement on how co-operatives in the region have contributed to the eradication of poverty.

Mr. Herarth noted that the majority of individual

members of co-operatives in the Asia Pacific region (with the exception of Australia, Japan, Republic of Korea and Singapore) represent families below the poverty line and that co-operatives have endeavoured to raise their living standards.

He indicated the role of the ICA in addressing the theme of the meeting by providing fora for discussions with government on how to create conducive environments for coopera-

tives, by introducing empowering strategies among people below poverty line to undertake economic and social ventures on a self-reliant and self-help basis and by providing HRD training programmes for cooperatives.

The ICA Regional Office for Asia and the Pacific will follow-up on the issue of poverty eradication.

Where Homes are Headed By Women

A quarter or more of households are headed by women in 24 out of 78 countries for which figures are available, notes "The Progress of Nations", a UNICEF publication which ranks nations according to their achievement in health, nutrition, education, family planning and progress for women. In the majority of cases, this means that the household is made up of women and children - and no men. In some cases, men are absent because they have migrated in search of work. The proportion of households headed by women has risen in all regions in recent years.

% of households headed by women (1980s)

Saint Kitts and Nevis	46	Zimbabwe	28
Grenada	45	Cuba	28
Botswana	45	Poland	27
Barbados	44	Sweden	27
Saint Vincent & Grenadines	42	Ghana	27
Saint Lucia	39	Rwanda	25
Dominica	38	Australia	25
Norway	38	Canada	25
Jamaica	34	Puerto Rico	25
Austria	31	Switzerland	25
USA	31	Trinidad & Tobago	25
Malawi	29	United Kingdom	25

(Source : UNICEF, *The Progress of Nations*, 1993)

Towards Greater Equality

The United Nations Children's Fund has recently published "The Progress of Nations" which brings together statistics on the progress being made, in each country, towards basic human goals. Aimed at monitoring and improving the well-being of children, the annual publication collects reviews in such areas as child survival rates, nutrition, health, education, family planning and the progress of women.

On the latter issue it notes that, "In most nations women are beginning to make progress towards greater equality in education, in legal status, in the right to choose when to have children, and in opportunities outside the home. But it is still common for women to work twice as many hours a day as men.

In developing countries, women grow most of the food and contribute increasingly to cash incomes. But they are still expected to fetch wood and water, clean and cook, wash and shop, look after the old and the ill, and bear and care for children."

(Source : UNICEF, *The Progress of Nations*, 1993)

Housing Policy and Co-operatives in the Countries in Transition

The United Nations Economic Council for Europe has recently published a document entitled, "Housing Policy Guidelines: The Experience of ECE with Special Reference to Countries in Transition". The document aims at providing information on the formulation and implementation of housing policies as well as information regarding the monitoring of a housing policy system.

Aimed at policy makers at government level, decision

makers in the housing field as well as housing experts, the document provides a basis for the understanding of housing policy issues and may assist in the development and discussion of these issues in the region, in particular with a view to meeting the needs of transitional countries.

Housing co-operatives are referred to throughout the document, with specific mention of the appropriateness

of co-operatives and their role in the provision of housing within market economies. A review of elements needed for the success of housing co-operatives are discussed including ownership rights, financing and the relation of government and co-operatives.

Copies are available from the United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland. Please quote document number ECE/HBP/84 of June 1993.

UNCTAD Report Cautions Against Market Over-Reliance

In his annual Trade and Development Report, the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) has warned against the conclusion that market-orientation provides a sure recipe for recovery and sustained growth of fragile economies in the South and in Eastern and Central Europe.

In the countries in transition, the prevailing free-market

(Trade and Development Report, 1993 — UNCTAD/TDR/13)

ideology has sought to dismantle the old system of ownership and intervention at maximum speed, while avoiding new forms of government intervention. "However, shocks are not a reliable recipe for introducing the new thinking, behavior and norms required. ...The history of the region has shown that success in destroying an old system is no guarantee of success in creating a new one."

A better model, the report suggests, is provided by South-East Asia where, in all the fast-growing countries, governments have given strong support to private business and to exports. "Government intervention has on the whole diminished in recent years. The withdrawal has generally been carried out in an orderly fashion following success; it has not been a rout after failure."

Transnational Corporations Continue to Grow

According to a recent report, an estimated one-third of private productive assets are under the common governance of transnational corporations.

Recent examples of note include the Ford Motor Company, which is developing a "world car" for Europe and North America; Swissair, which has created an affiliate in India to handle its corporate accounting functions; and ITT (US), a producer of yellow page directories, which centralises its procurement of paper in an affiliate in Belgium.

The report notes that intensified competition has forced firms to seek innovation and cost savings through their entire chain of activities. Thus, all activities are subject to being situated in the most cost-effective locations.

(Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report 1993 (WIR93))

Cont/d from from page 1.

the editorial staff of the UK Co-operative Sunday newspaper "Reynolds News".

In 1946 the British Government appointed him as Adviser on Co-operation to the Military Government of Western Germany, to assist in the rehabilitation of the consumer co-operative movement which had been virtually destroyed by the Nazi regime. Although his direct responsibilities ended with the formation of the Federal Republic in 1950, German co-operative organisations asked for his services for another year. In 1959 the Federal German Government conferred on him the Grand Cross of the Order of Merit in recognition of his services to co-operatives.

In 1951, Mr. Watkins was appointed Director of the ICA and gave outstanding service to world co-operation in that post until he retired in 1963.

In his retirement he continued to serve the Movement as a writer, teacher and consultant. When he was 92 his book, "Co-operative Principles - Today & Tomorrow", was published and greeted with acclaim. It became a Co-operative best-seller and was soon translated into Spanish, Finnish and Japanese.

On December 5th, the library archive located on the second floor of the Co-operative College in Loughborough was named the Will Watkins



Reading the card from co-operators around the world.

Centenary Birthday Archive of Historical Co-operative Documents and a fund established for its maintenance.

Donations are solicited, either of cash or of books and other documents, with the understanding that duplicated stock can be sold and the proceeds used to support the archive.

Those wishing to support this project should write to the Will Watkins Archive Fund, Co-operative College, Stanford Hall, Loughborough, Leicestershire, United Kingdom.

ICA CALENDAR

■ 16 February, 1994
ICACC Executive Meeting
Geneva, Switzerland

■ 17 - 18 February, 1994
Seminar of Communications
specialists
Geneva, Switzerland

■ 20 April, 1994
ICA Agricultural Meeting
Cairo, Egypt

■ 22 - 27 April, 1994
ICA Board Meeting
*Cairo, Egypt and
Tel Aviv, Israel*

■ 25 - 30 July, 1994
3rd Asia and Pacific Co-
operative Ministers' Conference
Colombo, Sri Lanka

■ 5 - 9 September, 1994
African Regional Assembly
Nairobi, Kenya

■ Sept - Oct 1994
Regional Assembly for Asia
and the Pacific
New Delhi, India

■ 24 - 26 October, 1994
Meetings of ICA
Specialised Bodies
Prague, Czech Republic

■ 26 - 27 October, 1994
Regional Assembly for Europe
Prague, Czech Republic

■ 28 October, 1994
ICA Board Meeting
Prague, Czech Republic

■ 28 October, 1994
Audit and Control Cttee
Prague, Czech Republic

■ September 1995
31st ICA Congress
Manchester, UK

International Co-operative Alliance Officers:

President: Lars Marcus (Sweden)
Director-General: Bruce Thordarson (Canada)

Vice-Presidents:

Africa: Momodou M. Dibba
Americas: Roberto Rodrigues
Europe: Graham Melmoth
Asia & Pacific: Mitsugu Horiuchi

Opinions expressed in this publication are not necessarily those of the leadership and management of the ICA.

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The length of articles submitted should be a maximum of 10 pages typed in double spacing. If possible, please submit both a hard copy and a disquette stating which word processing software was used on IBM compatible or Macintosh hardware.

Front cover: Location of ICA head office, Geneva.

Review of International Co-operation

Vol. 86 No. 4/1993

Editor: Mary Treacy

Editorial Assistant: Laura Wilcox

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Editorial

For many co-operators 1993 has been a difficult year. The recession and the political instability experienced by many nations has had an impact on our "Global Village" and has inevitably affected the Worldwide Co-operative Movement.



Each region of the world has its own particular challenges and the new ICA structure is designed to provide the fora for countries with similar problems to share their experiences, and for the ICA to tailor its responses more closely to specific regional needs.

In Africa, as in many other areas of the developing world, the problems of intense poverty and political instability have not been overcome. In this continent, the challenge is to help build genuine co-operatives at the grassroots level, to strengthen federations and to dissuade Governments from exercising too much control.

In America the main challenge is whether co-operatives have a role to play in North South integration. ICA offices in Costa Rica and Argentina are committed to supporting the Movement's participation in this process.

The Asia Pacific region has the most dynamic economy in the world today. Its co-operative movement is also flourishing and this is reflected in the ICA membership, with over 60% of our individual members coming from this continent. In Asia there is much reason for optimism, and co-operators everywhere can derive satisfaction from watching the progress of the movement in this part of the world.

The economic and social crisis which has plagued Europe in recent years has been exacerbated by the problems experienced by countries from the former Eastern Block in adapting to a single market and

the implications of the changing political situation. Co-operative movements all over Europe have been subject to tremendous pressures - in most cases economic, but in others also political.

In this environment of intense competition, co-operatives must seize the chance to demonstrate that they constitute a positive alternative. The challenge to the ICA has been to offer support to our members and, in some cases to intervene with Governments in order to convince them of the co-operative potential in helping to solve economic and social problems.

Even though this has been a challenging year, each region has its causes for celebration. The case studies presented to the ICA General Assembly in Geneva last September, and published in this review, give us the opportunity to share the positive experiences of our members and to analyse what successful co-operatives are doing differently, and why.

The first General Assembly under the ICA's new structure was generally considered a great success. The reports from the meeting will be published in two parts. The first, including the success stories, will appear in this issue. The specialised bodies' reports to the General Assembly and the report on the current review of Co-operative Principles will appear in issue No. 1/94 at the end of January 1994.

The ICA Director and his staff would like to take this opportunity to wish our membership and all our readers a very happy New Year and success in 1994.

Mary Treacy
Director of Communications

Greetings from Co-op Switzerland

by Markus Schelker*

I am pleased and honoured to bring you greetings from the 1.3 million members of Switzerland's co-op societies and their umbrella organisation, Co-op Switzerland. I am doing so on behalf of its President, Herr Rolf Leuenberger who unfortunately has to attend urgent business elsewhere.

This is your first General Assembly after adopting strategic decisions in Tokyo (1992) which have given the ICA a new, flexible organizational structure geared to present needs. It gives us particular pleasure that it is held in Switzerland, a country with a co-operative tradition that goes back to its inception 700 years ago. Co-operative ideas and principles have played an important role in shaping our political and economic structures, and it is gratifying to look back on the history of Switzerland's co-op societies which began in the mid-19th century. There are few highly industrialised countries where almost 30% of the retail turnover, and over 50% of food sales are handled by co-ops.

Of this we are proud, but we must never take that position for granted in



the day-to-day competition for customers and members alike.

It is one of Switzerland's special features that the two leading retail trade organisations, Coop and Migros, are co-operatives and in fierce competition at the same time. We see this as a positive challenge which makes it imperative on both to improve services all the time, gear their ranges to constantly changing customer needs and watch costs closely. That can only benefit the customer. With 175,000 unemployed and a retail turnover that is going down in real terms, the competitive climate has become rugged in Switzerland. In these difficult circumstances, the Coop group has managed to increase its market share and secure the cash flow needed to make us viable

* Mr Schelker is Deputy Director of Co-op Switzerland, Basle.



Entrance area of Co-op Super Centre "Novaseta" in Arbon.

also in future - 4.4 % of the group turnover of 10.7 billion Swiss francs in 1992.

As a global organisation, the ICA has to meet the most different requirements from its member organisations. While co-ops in the highly industrialized countries are trying to retain their share of a highly competitive and sometimes stagnating market, the enormous challenge facing them, for example in Eastern Europe, is to organize goods supplies in terms of a market economy, and in the Third World countries they spearhead the battle against hunger and poverty. These are truly diverse needs to be fulfilled under local conditions using the appropriate strategies.

On a global scale, the co-operative principle of helping others to help themselves has certainly become much more important over the last few years. One of the central tasks in countries where social transformation is on the agenda is to encourage people not just to suffer but to shape their destinies using their own intellectual resources.

The ICA brings together members from different continents, cultures and societies who speak different languages and think along different lines.

The desire that unites them is to carry on a dialogue, build economic and human ties and implement concrete projects such as the network for Eastern Europe, and a number of programmes for Africa, Asia and Latin America.

Now as before, the ICA is an eminent forum for the worldwide co-operative movement. We therefore hope that this General Assembly again realizes the responsibility it shares for mankind and fulfills the tasks it is given in this spirit. Best wishes from Co-op and its members in Switzerland for the success of your General Assembly in Geneva, and for results which will guide you safely into the future.

Greetings from the ILO

by Heribert Maier*

The ICA and the ILO share a common dedication to social justice and economic progress for working men and women: to their freedom to form and manage their own associations in pursuit of their economic and social interests. Besides this common dedication, the ICA and the ILO share a common working relationship in furthering co-operative development through the International Committee for the Promotion and Advancement of Co-operatives (COPAC). Since the ILO's foundation in 1919, the ICA has enjoyed the privilege of special observer status in the work and meetings of the ILO, and has been a strong advocate of co-operative activities in the work of our Organisation.

The establishment of the ILO was the result of its founding member States' conviction that the well-being of working people depends upon adequate social protection, together with adequate economic opportunity. Experience has shown that such economic opportunity can be substantially enhanced through mutual self-help organisations and common working methods. This is the concept which



lies at the heart of the co-operative movement and explains why the co-operative service of the ILO is as old as the Organisation itself. This service of the ILO and the worldwide co-operative movement are in the vanguard in pursuing the priorities of today, as determined by the Organisation's 167 member States, furthering the advance of democracy and the fight against poverty, and promoting the protection and well-being of working people. These will be the main themes for our programme in the next two years.

The co-operative activities of the ILO have evolved over the decades to meet the changing needs of member States and their co-operative movements. These activities include the exchange and diffusion of information on co-operative subjects and developments

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in developing and industrialised countries, the research and publication of technical studies, inter-regional and regional meetings of experts on co-operatives, advisory and consultancy services to co-operative movements and departments on human resources development, co-operative legislation and structure and, most importantly, technical co-operation programmes providing experts and training services.

The co-operative activities programme, and especially the technical co-operation of the ILO, is guided by a Recommendation adopted by the ILO member States in 1966: Recommendation No. 127 on The Role of Co-operatives in the Social and Economic Development of Developing Countries. This Recommendation contains a definition of a co-operative which was clearly inspired by the traditional values and basic principles as enshrined in the thoughts of Robert Owen, the Rochdale Pioneers and the ICA: namely that a co-operative 'is an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which their members actively participate.'

The Recommendation provides guidelines on issues of great relevance to this General Assembly and to the ICA Development Forum which has just taken place. I refer to human resources development, financial accountability

and technical co-operation. Earlier this year, an International Meeting of Experts on Co-operatives was convened by the ILO to review the role of the Recommendation in the promotion and development of co-operatives. The experts concluded that the Recommendation had fulfilled its purpose well over the years, but that the time had now come to revise and extend its coverage to industrialised as well as developing countries, to entrust less responsibilities to Governments for supervision and services and more to the movements themselves and to restate the basic principles of open membership and democratic control.

I also wish to emphasise the work carried out within the framework of the ICA to examine and update the basic values of co-operation. This work was frequently cited by ILO experts, who concluded that the work of the ICA should be reflected in the revision of the Recommendation.

Another issue of common concern to members of the ICA and of the ILO is the availability of full, freely-chosen and productive employment. World attention has long since been drawn to the persistent high levels of un- and under-employment. Despite substantial domestic and external investment, and assistance, few countries have been able to turn the corner. Wage and salary employment in the formal sector provides only a fraction of new jobs. Now this phenomenon has also shown its face in the industrialised countries and Central and Eastern Europe. The promotion of private small and medium-sized enterprises is con-

sidered by the governing bodies of the ILO to be an important instrument in generating employment. We do consider such enterprises to be restricted to individual private ownership; they can also be co-operatively owned and managed. Indeed, the member States of the ILO, as represented by the Organisation's tripartite structure: Governments, employers' and workers' organisations, have increasingly underlined the need for alternative private enterprise structures, and especially the 'co-operative option': workers' or producers' co-operatives. Each year, the member States of the ILO, Governments, employers and workers meet at the International Labour Conference in Geneva. In 1989, a Resolution was adopted on the promotion of rural employment and the role of co-operatives was clearly referred to; in 1990, the Conference adopted a resolution on the promotion of self-employment, and again reference was made to the co-operative option.

At the International Labour Conference in June 1993 there was overwhelming endorsement of the co-operative approach in the promotion of small and medium-scale business enterprises. The ILO, in its programme of work, is responding with renewed force to these references. The ILO Director-General, Mr. Michel Hansenne, has established a Department for Enterprise and Co-operative Development. This is concerned with the promotion of private and co-operative business enterprises to support today's trend towards privatisation and the promotion of self-employment through small and medium-sized en-

terprises. Through this department's programme of activities, inter-regional and regional meetings were recently held in Denmark and the Ukraine to assist policymakers from industrialised countries, developing countries and economies in transition to highlight the role of the co-operative approach in local economic development, privatisation and the promotion of small and medium-sized enterprises. In addition, there are research and technical co-operation activities which back this effort.

A consideration of co-operation cannot, and should not, be restricted to the structure of business enterprises. As the founders of the ICA and the ILO well knew, economic progress cannot proceed without improving the social conditions and the quality of life of working people. This concern with the human dimension of the working world was reconfirmed nearly fifty years ago in 1944, in a world torn by war and human suffering where, in Philadelphia, USA, the delegates at the International Labour Conference adopted a declaration which affirmed that labour was not a commodity and working people have undeniable rights to improve their human and professional capacities and qualities. The ILO, and likewise the ICA, has long since stressed the importance of human resources development in fostering the basic values of co-operation and in ensuring the democratic control and economic viability of co-operative societies. The subject was examined during the recent International Meeting of Experts on Co-operatives and a call was made upon the co-operative



At the ILO Conference in June 1993, there was overwhelming endorsement of the co-operative approach in the promotion of small and medium-scale business enterprises.

movements to take a larger responsibility for implementing membership and management training, especially in developing countries. Indeed, there are already helpful tools at hand such as the Co-operative Education Materials Advisory Service (CEMAS), developed under the auspices of the ICA, and MATCOM (Material and Techniques for Co-operative Management) developed in the ILO with the financial and moral support of the Scandinavian countries and their co-operative movements. There are many countries where the ILO is implementing technical co-operation projects for

the development of co-operatives. We are also working with other partners, such as ALCECOOP in Latin America, and we are endeavouring to support networking in Africa and Asia with the collaboration of the ICA field structure on the basis of our Director-General's policy of active partnership, which has established 14 multidisciplinary teams in all parts of the world.

Let me once more reiterate the ILO's dedication to co-operative activities, a dedication which has continued and grown over the 74 years of the Organisation's existence.

Welcome by ICA President

Since we met at the memorable congress in Tokyo last year the efforts of the ICA have been dominated by the introduction of a new structure and the preparations for our centennial in 1995

Reports of these activities will be given by four nominated vice-presidents and the Director-General. My own views have already been presented in the annual report. What will follow here right now is about the future - and that is not so easy to foresee.

ICA consists of some 200 co-operative organisations in at least 10 different branches. They also differ in strength, size, political environment and culture and for most of them demand and profits are down, while money is short and expensive.

In this situation the ICA cannot provide expertise on all local problems of all members. Neither does it represent a strength to respond to needs with a HQ staff of nine full time and 3 part-timers and an annual dues income of less than CHF2 million. We form a network of which members can take advantage. The benefit of your membership is mainly to be found in contacts with colleagues.

I will use my report to you to give some examples of this from my nine years as the ICA President, - example of sectors, of continents, of old co-operatives



as well as new and small. I will talk about the challenge of the future.

Let me start with our agro-cooperatives.

I dare say that generally speaking everybody today understands and accepts that food is best produced by family farmers working together through a co-operative structure. They already dominate the global production of cash crops.

The fertile soil is a global asset and has to be used in an optimal way. Nowhere else do representatives elected by so many farmers meet as in ICA. My vision says that this fact should be the best basis for a long term farm policy on global agro production.

Such a policy is needed to avoid unnecessary distress among farmers. It is

needed to create understanding and support from consumers. It is necessary if you do not want to wait for political decision about the heads of rural population.

Let me next say a few words about the financial co-operatives.

Insurance and banking are the most trans-international of all co-operative sectors. This is a result of the character of the business but also of farsighted leadership. (An exception when it comes to the character is of course offered by the credit unions which are more closely connected with local life.)

In years to come I now expect the establishment of commercial umbrella organisations like the Asian Co-op Bank, The Allamerican Re-insurance Co-operative as well as Eurowide Insurance Co-operative with affiliated daughters in Africa.

I am not sure where credit unions may fit in but WOCCU has its own plans for a global commercial network.

Let me turn to housing next.

Decent shelter is a problem of money or a lack of it. The problem of a housing co-operative is also one of education and organising.

Great opportunities are evident in the newly industrialised countries in Asia as well as in countries where state property is being privatised. Our housing committee has rightly arranged seminars both in Latin America and Asia.

To start from scratch is often necessary but not easy. The pioneers of co-operative housing, wherever it exists and

has succeeded, always enjoyed the support of other national co-operatives.

In my vision all co-operators in every country should form special alliances to promote co-operative housing. It is the least trans-international oriented of all our sectors - but if housing co-operatives feel that the ICA can assist as a global promoter they should tell us now. I am sure we are ready.

When it then comes to our members from the consumer co-operatives we can all notice their fast expansion in the Pacific Rim, north of the Mediterranean and in some Latin American countries. Growth seems to be limited to their national economies.

In their traditional stronghold in northern Europe they have stagnated or even met with severe setbacks. Co-op Switzerland has offered the last exception so far, but a recovery could be on its way. Norway offers one example, Denmark another.

In my vision of the future this sector has to develop in two directions. Food distribution remains the major task because that is what all members need. Here the road to success is one of competitive prices, good quality and attractive service. This takes big units and internationalisation.

The non-food business on the other side tends to become transnational and most countries, at least in Europe, are too small to offer a satisfying market.

Democratic control based on a suitable decentralisation has to be looked for. Co-operatives which do not build their activities on active member participation will lose their character. They will

end up serving only the interests of the staff and gradually be lost into bankruptcy or stockmarket.

More could be said about the other sectors, but I will now mention some aspects on the continents focused in our new structure.

Africa

There are more good co-operators than co-operatives in Africa. For decades progress has been poor. Good promises have been crushed.

The reasons are well known. Poverty and its consequences, political instability, government interference have contributed.

The problem is severe not only to the Africans. Though outside Africa donors understand that the continent needs support, there is a growing reluctance to believe in co-operative solutions.

An initiative to formulate and advocate a specific strategy for co-operative development in Africa is necessary. It has to come from African colleagues themselves. It has to be based on the truth of past experiences. It has to bring a message to us but also to the world community.

In my vision the regional assembly of Africa is well suited for such an initiative. Other members as well as many governments would be found supportive.

America

The first all American ICA meeting brought a strong message. There were

the voices of a leadership with new continental attitudes. With increasing political stability the growth of co-operatives in Latin America has certainly started to move faster and faster. And from the North spoke friends.

If only the South could be a little more interested in business results and member satisfaction than internal fighting, if only the North could start from a more caring point - the business results would come easier for all in the next century.

Asia/Australia

As we know from the Congress last year the Japanese movements are strong and successful. Some of us also learned at the Allasian meeting in Beijing this spring that the huge Chinese movement prepared itself for the growing, still limited market economy in their country. We also know that Indian co-operatives have made important contributions to a progressing national economy. And in the newly industrialised countries we follow with interest the achievements made.

The rest of Asia looks east, also Australia which has much to offer from similarities to the North. I believe this is fundamentally good because there is much co-operative strength in Asia - know-how as well as money.

What will happen in areas stricken by poverty, catastrophes and wars seems more and more an Asian responsibility in co-operative affairs.

And now a word about the Muslim dominated areas. Our contacts with these countries and their co-operatives

have been difficult in spite of mutual efforts. For that reason the outgoing executive has decided to recommend that the new Board accept an invitation to hold their first meeting in Egypt. The situation of co-operatives in Muslim countries can form an essential part of its agenda.

Europe

Europeans have suddenly found that they have less to be proud of than they thought.

The enormous socioeconomic experiment in Eastern and Central Europe proved to be a disaster. At present its most shameful consequences are perhaps to be found in former Yugoslavia with its ethnic madness.

At the same time West Europe has entered a depressing type of economy. The welfare systems are being dismantled step by step at a time when they are needed perhaps more than ever. Unemployment, the widening gap between rich and poor and immigration waves have again proved how fragile the balance between the good life and the evil life is.

Intolerance, racism, violence, insecurity have gained ground.

Co-operatives are in the midst of this European turmoil. We know that we have our first and only duty to our

members - not to their money, but to their needs as consumers or producers. And our business has to carry on while unsuccessful competitors can always sell out and move to places where profit is safer.

Europe does not differ from the rest of the ICA world.

Take our farmers as producers and our consumers as retailers. Their interests around the pricetag are conflicting but their wishes for a good life are the same - peace, safe environment, human rights are dear to all co-operators.

Our strength stems from a will to work together - with respect for our neighbours.

I have tried to present a co-operative panorama. If you found it too long I can only say it could have been much longer and it had a purpose. It was indirectly a description of the ICA and of our responsibilities.

What I want to make clear is that each one of you - each one of us - has a personal responsibility.

The change of structure and emphasis on a sectorial collaboration which involves all members is a strong effort to decentralise, and to make our international collaboration not an annual event but a part of our daily, ordinary work. There is a job for everyone of us.

Report by ICA Vice-President for Africa

by Momodou M. Dibba*

The ICA Regional Consultation for Africa took place in Abidjan, Republic of Côte d'Ivoire, the seat of the Regional Office for West Africa, on 25 May 1993. Representatives from the two regional council executive committees, i.e. East, Central and Southern Africa and the West Africa region, were in attendance.

The East, Central and Southern Africa delegation was led by the Chairman of the Regional Council, Bernard Wolimba MP, from Uganda. Other members of the committee came from Zambia, Swaziland, Botswana, Kenya and Zimbabwe. Egypt and Morocco were not represented due to urgent official engagements in the delegates' home countries. The Regional Director, Mr. Vincent Lubasi, and senior staff members accompanied the visiting delegation.

The host West Africa delegation was led by myself, its current Chairman, and other members of the Executive Committee from Côte d'Ivoire, Cape Verde, Mali, Niger, Senegal, Burkina Faso, Guinea Conakry and Ghana. The Regional Director, Mr Kibora Ada Souleymane, was also in attendance.



The regional consultation was also attended by Mr Lars Marcus, the ICA President; Mr Bruce Thordarson, its Director General; Mr Jan-Eirik Imbsen, the ICA HRD Director; Mr Yves Régis, President of CICOPA; and Mr Kjell Eirik Nordlie, the Desk Officer of Norcoop of the Royal Norwegian Society for Rural Development.

The atmosphere of the consultation meeting was very congenial, largely thanks to the excellent preparatory work of the two Regional Directors, Messrs Kibora and Lubasi, and the deliberations were centred on organisational matters, the description of the new ICA structure, analysis of the rules and procedures for the ICA Regional Assembly in 1994, and the nomination of a candidate for the position of ICA Vice-President for Africa.

* Mr Dibba is ICA Vice-President for Africa and Regional Chairman for West Africa.

After a thought-provoking introductory statement from the ICA President, the ICA Director-General gave an in-depth presentation on organisational matters, description of the new ICA structure and the Rules and Procedures for the Regional Assembly. Mr Thordarson also touched on the new decentralised structure for the Alliance, the governing bodies, vis-à-vis the central, sectoral and technical structures and the basic objective of the Regional Assembly to promote collaboration between ICA member organisations in the Africa region and to provide a forum for the discussion of regional, as well as global, issues regarding co-operatives.

The meeting supported the view that decentralisation is one of the best means of promoting participation in the new ICA structure. Its benefits are that the ICA Regional Offices in Africa can become much closer to their member organisations, be more responsive to national needs, and can make better use of the available resources.

An important element recognised by the meeting is the opportunity to cut costs as a result of the decentralisation process. Another favoured element is the decentralised investment strategies that can increase economic participation, and the two regional offices have a lot to learn and share for the benefit of the member organisations.

According to the delegates, decentralisation widens their choices, and participation enables them to gain access to a much broader range of opportunities.

The members of the new Regional Assembly for Africa are determined, more than ever before, to encourage decentralisation and participation when the first Regional Assembly takes place in Nairobi during the second half of 1994.

It was agreed during the consultation that the model Rules and Procedures be further reviewed prior to adoption at the next Regional Assembly.

Regarding the position of Vice-President for Africa, the founding meeting unanimously agreed on a nominee, whose name will be placed before the Regional Assembly for consideration and approval.

In view of the size and complexity of the continent of Africa, it was further agreed that a substitute Vice-President from the other sub-region be nominated, and it was proposed that the Vice-Presidential position should alternate between regions after each four-year term.

It was further proposed that our voting procedure at the Regional Assembly meetings be limited to one vote per country and one per international member organisation having fulfilled its statutory obligations in the ICA.

It was agreed that the two existing Regional Councils continue to exist to serve the needs of their respective member organisations.

Among other things, the Regional Assembly for Africa to be convened in 1994 shall discuss the implementation of:



Regional Consultation Meeting in Abidjan, May 1993 - from left to right: Jan-Eirik Imbsen, Ada Souleymane Kibora and Momodou Dibba.

- the Regional Assembly work programme;
- the ICA development strategy and action programme related to the ICA policies on HRD and on women in co-operative development;
- the establishment of a sectoral committee to compliment the work of the ICA specialised bodies;
- economic reform programmes and the extension of institutional capacities;
- strategic planning, the environment and exchange programmes; and
- other policy matters, as priority needs expressed by member organisations.

The regional consultation meeting in Abidjan augurs very well for the future work of ICA in Africa, and shows that there are now grounds for considerable optimism.

Report by ICA Vice-President for the Americas

by Roberto Rodrigues*

When we talk about the Americas we are talking about a whole continent stretching from Canada to Argentina, from the South Pole to the North Pole, which also includes the Caribbean. We are talking about 29 countries, with a population of 700 million inhabitants.

But this enormous territory, the discovery of which completed the orb of the world, is also full of contrasts. For example we have countries as small as Barbados with 430 square kilometres, compared with Canada which has more than 9 million square kilometres (i.e. 20,930 times larger than Barbados). We have countries like Surinam with 370,000 inhabitants in comparison with the United States with almost 250 million. We have Haiti with an annual per capita income of 962 dollars in comparison with 21,000 dollars in the United States. And despite all its economic problems, the continent, and in particular the eastern part of Latin America, is a net exporter of capital.

There are countries in which up to 78% of their exports go only to pay the interest on foreign debt.



Nevertheless this immense region also has something in common - there are co-operatives in every country. These may not be members of the ICA, but there are still co-operatives in every country. The International Co-operative Alliance has a total of 35 member organisations, many of which have joined in the last three or four years.

It is important to point out that a special feature of our region is that co-operative organisations for regional integration have been in existence for many years. It should not be forgotten that as an institution the ICA is very much a newcomer to the American continent (ROCAC 90, POBA 91, RUGA 93). The regional organisations are examples of integration at continental or subregional level and have played a critical part in the co-opera-

* Mr Rodrigues is ICA Vice-President and Regional Chairman for the Americas.

tive development of the region. These include the OCA, COLAC, COLACOT, CCC-CA.

With this brief introduction we would like to establish quickly, from the point of view of the Americas as a region, what factors govern the work of the ICA, and what paths we feel it can follow effectively, as well as the thematic areas which it will have to concentrate on in the next few years.

This information is the product of the consultation which we began at the Tokyo congress during a special meeting of the organisations of the American continent belonging to the ICA, and which took formal shape at the consultation meeting in Mexico last December, which was attended by ICA President, Lars Marcus, and which continued in a series of information exchanges with the management of co-operatives at national and regional level.

We feel that the factors governing the work of the ICA in the Americas region is primarily the north-south relationship which has marked the development of the entire continent, through an extensive history of meetings and encounters. What it is important to mention now is that given the conditions set by co-operative life we have achieved a north-south link which encourages the aims of co-operative development. A second factor which must be considered is the size of the continent, which makes it essential that we consider work at a subregional level and the special features of each subregion. The third factor is recog-

nising that the Co-operative Alliance is a newcomer to the region, having been present in the American continent as an institution for three years, and must therefore find a niche within the wide spectrum of co-operative development, taking into account the work carried out by the existing regional organisations. Finally, it is a regrettable fact, although it has been commented on here in different places, and we have recognised it for some years, that the co-operative movements in general are facing a crisis due to the drastic changes in their economic, political and social environments. These four factors are something which we will have to consider in the coming decade.

This means that the structures of the network, i.e. the regional assembly, the regional offices and the specialised bodies, will have to be maximised politically, technically and sectorally.

In all the work which is to be done it should be recognised that co-operative integration takes place through economic integration and that co-operative development implies the commercial development of our organisations. By this I mean to say that we cannot generate models which are dependent on government structures or other sources in the work of the ICA without generating a capacity within the movement to develop itself in a sustainable fashion.

This is what the co-operatives in the continent are saying, and this brings us to the fact that the work of the ICA in the continent should be based on

three guidelines, the first concerning all things relating to co-operative principles and values and the need to disseminate, support and interpret these and adapt them to our own reality. The second concerns the need to adjust the commercial profile of co-operatives to the changes in the environment, carrying through all the reconversion processes which are necessary to ensure competitiveness in the environment surrounding them, and including those binding and technological factors which can be obtained from the ICA's own network.

The third fundamental factor is the promotion and development of trade as an essential means of achieving the consolidation of a concept of sustainable co-operative growth. Without an aggressive strategy for co-operative re-

conversion to gain a foothold in the markets, co-operatives will have few possibilities for continuing to serve their members in their own societies.

With the Tokyo Agreements and the new structure, it will be possible to do this if we do it jointly with the regional co-operative organisations, with direct action by ICA staff in the regions, with the active involvement of all the organisations which are members of the ICA in America. Additionally, we are now encouraging action by various specialised committees.

My co-operative friends, we are succeeding in the Americas region and we feel optimistic.

The next regional assembly will take place in Brazil in November 1994.

Report by ICA Vice-President for Asia and the Pacific

by Mitsugu Horiuchi*

The Asia and Pacific Region used to consist of 53 member organisations from 18 countries, with Iran as its furthest flung member country. Following the restructuring, we have new member countries: Iraq, Israel, Jordan, Kazakhstan, Kuwait, Turkmenistan and Uzbekistan.

As a result, our Region has become an extensive one ranging from Fiji, which is on the 180th degree of East-longitude, to Israel in the Middle East on the 35th degree. The Region now represents 63 organisations from 25 countries which embrace, it is estimated, some 450 million individual members.

Under the new structure, a regional consultation was held on 21 - 22 April, 1993 at Beijing, China with some 80 delegates and observers from 16 countries attending. The meeting was also attended by President Marcus and Mr. Thordarson, the Director General. We had a very good discussion under the able chairmanship of Mr. Yang Deshou, of the All-China Federation of Supply and Marketing Co-operatives, elected unanimously to the chair.

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The three main items on the agenda were:

1. The draft rules of the Regional Assembly
2. Future status of the Regional Council and
3. Our regional nomination for ICA Vice-President.

The meeting adopted the Regional Assembly Rules, broadly along the lines suggested by ICA Headquarters, but with some amendments. In this connection, it was agreed that the first meeting of the Assembly would be held in September/October, 1994. On behalf of his organisation, Mr. Vishwanathan, President of the National Co-operative Union of India, kindly offered to host the meeting. It was also decided that, in future, a Reg-

istration Fee of US\$ 100 would be charged to members and observers attending the Regional Assembly meetings so that these would be self-financing.

As to the future status of the Regional Council, taking account that the Regional Assembly is newly formed, it was agreed that the Council, so far represented by two delegates from each country, would be replaced by an Executive Council consisting of one delegate from each of the region's 25 countries.

For the regional nomination to ICA Vice-president, I was greatly honoured to assume the role.

The regional consultation was fortunate to welcome Professor Ian MacPherson, coordinator of the project on Co-operative Principles, who made an introductory presentation on the subject.

He took note of the Asia and Pacific Region's diversity in terms of people, culture and co-operatives, and of the dynamic growth within it, and expressed his hope that we would actively participate in the review of Principles and formation of the Charter for the 21st century.

Professor MacPherson challenged our region with five issues including:

1. How we in our region, with a large rural population, will cope with rural domination by multi-nationals, and how co-operatives will take initiatives in ensuring adequate food production during the next century, as this will be one of the most pressing problems.
 2. How the co-operatives will relate themselves to the creation of job opportunities, and of better living conditions in heavily populated cities.
 3. What role co-operatives have in harmonising economic growth and environmental problems.
 4. How the relationship between co-operatives and the Government should be considered in the context of developing countries.
- Incidentally, we, in the Asia and Pacific Region, have had a joint Co-operative Ministers' and Top Leaders' Conference to discuss this matter, and we will continue to examine the subject more deeply in future.
5. Finally, we were challenged with the question of how to strengthen co-operation between co-operatives; our host chairman, Mr. Yang Deshou of China also stressed the urgency of promoting economic collaboration between co-operatives.

Under the new ICA structure, we, in the Asia and Pacific Region, will certainly make efforts to offer useful contributions to the discussion on Principles and Prospects, and hope to be able to contribute to the world co-operative movement of the 21st century following the paths along which the forthcoming Charter will guide us.

Report by ICA Vice-President for Europe

by Graham Melmoth*

Since the ICA Congress in Tokyo good progress has been made in laying down the foundations for a European Region of the ICA. Our situation differs from that of other Regions in that our task has been to find the space to build our structure amongst the many cathedrals of pan-European co-operation which have been well-established for many decades, not least in the heartland of the EC: Brussels.

Thus, when 125 representatives of ICA members in Europe met there on 5 May 1993, none of us was sure that we could identify a consensus on structures, on a work programme or even on a Vice-Presidential nominee. Apart from our ICA membership, those present also represented other interests such as the Comité de Co-ordination des Associations de Coopératives de la Communauté Européenne (CCACC); national intersectoral federations such as CONFECO-OPERATIVE of Italy and FEBECOOP of Belgium; members in Eastern Europe engaged in the Network, not least members from the CIS, and also mature consumer co-operative movements



from, for example, Scandinavia and my own country, the UK. It was, I think, a tribute to the willingness of the European membership to co-operate that, as I said at the time, we avoided World War III!

There was general recognition of the all-important need to be flexible, particularly at the beginning, and of the fact that it was more important to define a role than to create rigid structures. It followed likewise that, in the beginning, ICA Europe would be serviced from Head Office in Geneva and would not open a separate regional headquarters in Brussels or elsewhere in Europe. We do need to remember that Europe's boundaries extend very much further than the frontiers of the twelve EC member states. However, we all recognise that what may make

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sense today for ICA Europe in embryo may be different in two or three years' time, when a place in Brussels alongside the CCACC membership may make sense. Such matters, however, should be the democratic decisions of a European Regional Assembly or elected European Advisory Committee in the future.

On 2 June, 1993, Arsenio Invernizzi (of the ICA Secretariat) and I met with the Secretaries General of the nine member-organisations of the CCACC and also consulted with the Secretary-General of FEBECOOP in Belgium. The objective of the meeting was to prepare the way for a more broadly-based meeting to include ICA Board members and East-European members and the intersectoral federations. This meeting would:

1. draw up the basis of an initial work programme for the region;
2. agree upon the structure of an advisory committee; and
3. set the time and place for the Regional Assembly. The Secretaries-General were all positive, supportive and helpful, although not necessarily unanimous.

This third consultative meeting was held on 8 July 1993, under my chairmanship, in the office of COGECA in Brussels. The decisions of that meeting, briefly, were as follows:

- a) To establish a European Advisory Committee to prepare for the first Regional Assembly and to oversee the work programme. The com-

mittee was to have around 15 members, consisting of:

- i Representatives of the Sector Associations in membership of the CCACC;
 - ii ICA Board members from Europe;
 - iii Representatives from the ECEC Network and from the CIS; and
 - iv Representatives from the Italian and Belgian intersectoral organisations.
- b) To set up two working groups to report, on an interim basis, to the 1994 Regional Assembly and, definitively, to the 1995 Centennial Congress in Manchester. The first group will consider external concerns, such as promoting the co-operative image and systems within Europe, and other problems lending themselves to a co-operative solution. The second group will devote itself to internal concerns, the chief of which will be the development of co-operative principles and values and the charter. But, in addition, this group will consider the East/West European dialogue and also corporate governance.
 - c) That the first Regional Assembly will take place, with the kind permission of the Co-operative movement of the Czech Republic, in Prague on 27 and October 1994.
 - d) That the ICA would have a presence at, and I would address, the 4th European Conference on the Social Economy in Brussels from 8 - 10 November 1993. It was also intended that the first meeting of the European Advisory Committee of the ICA Region should take place at this time.

In conclusion, I can say that, for a region which wishes to keep its structure light and tight, there is much to be done. No member in Europe need feel that its contribution to developing the ICA's role in Europe would be unwelcome. We have established the framework. The Advisory Committee and the Working Groups now need to be

set up and get to work so that, in Prague in October 1994, we may collectively look at how successfully we have begun the beginning, how effective and focused is the work programme, and what changes we should democratically make to ensure that we are properly reflecting the needs of ICA members in Europe as a whole.



Lars Marcus consults with three of the four ICA Vice-Presidents.

Director-General's Report to the General Assembly

As members will recall from last year's discussions in Tokyo, the new ICA structure is composed of three basic parts—the Governing Bodies or control structure; the Specialised Bodies or sectoral structure; and the head office and regional offices, or the technical structure.

This morning we heard about the work of the Governing Bodies. On Friday morning the Specialised Bodies will report. This afternoon it is the turn of the technical side of the organisation. As more and more of the work of ICA is being done on a decentralised basis, I have also asked our Regional Directors to participate in this presentation. Finally, there will be more detailed reports about three special activities which have occurred this year—yesterday's Development Forum, the May Environment Conference, and the implementation of the ICA's new gender policy.

When the ICA Congress was held last year in Tokyo, the ICA had members from 82 countries. Today that number stands at 103. This change results in part from the creation of new countries, as could be expected, but also from a harmonisation of membership



between the overall ICA structure and its regional offices. Just yesterday, for example, the ICA Board admitted into membership six African countries which had previously been collaborating only with the regional offices, plus one new member country from Latin America, two from Asia, and two from the former USSR. While some important gaps in our membership remain, I think one can safely say that the ICA is becoming a more truly universal organisation than in the past.

However, as our numbers grow, it becomes equally apparent that a small office of 12 staff people in Geneva cannot possibly meet anywhere near all the needs of this diverse membership. The only realistic solution is decentralisation—both sectoral and geographic—so that more resources can

be found and used. One example is the ICA development programme, on which is spent approximately 25 per cent of the ICA subscription income. But from this relatively small base, it is possible to provide a regional structure that attracts funding support from development agencies and member organisations, and thereby provides more services to ICA members through the efforts of some additional 50 staff members in the regions. You will hear more about this work from the Regional Directors in a few minutes.

Similarly, the Specialised Bodies are in almost all cases strengthening their own structures and capacities, and also making an important contribution to overall ICA objectives. For example, most are participating actively in the review of the co-operative principles and in researching specific issues, such as capitalisation of co-operatives. Many are also working closely with the Regional Offices in development activities. Tomorrow's agenda of case studies has been prepared largely through their suggestions and advice. Therefore, even if the ICA cannot provide secretarial services for them, I think there are encouraging signs that this policy-level collaboration is proving to be mutually very beneficial. The fact that 12 of the 14 Specialised Bodies are holding various meetings here in Geneva this week demonstrates, I believe, the utility of this continued close contact.

The ICA head office, therefore, continues to place its own emphasis in three main areas—policy, information, and development coordination.

During the last year there have been several positive developments on the policy front. In Eastern and Central Europe, for example, the ICA's representations have been credited with influencing government policy in a number of countries—most recently in Poland, where President Walesa declined to sign a co-operative law that would have actually increased governmental control over the co-operative movement. In Asia and Africa there is no doubt that the efforts of the regional offices have made a significant contribution to improvements in co-operative legislation in several countries.

The UN system is also playing an increasingly helpful role towards co-operatives. The positive 1992 report of the Secretary-General and the resolution of the General Assembly have resulted in extensive policy guidelines being sent from the UN to every one of its member national governments. In at least some cases there will no doubt be a beneficial effect on governments' understanding of co-operatives. And we naturally hope that the decision to establish an official UN Day of Co-operatives in 1995 can be used to generate helpful publicity for ICA members.

The role which co-operatives can play in major issues of the day such as environment and sustainable development is also being increasingly recognised. ICA has been asked to act in an advisory capacity to the Society for International Development, an internationally-respected policy body, and to the 1994 Global Forum in Manchester,

which will continue the public sensitisation work begun in 1992 in Rio de Janeiro. Our objective in all these efforts is, naturally, to demonstrate how co-operatives are a business with a social conscience. Raija Itkonen will have more to say about this important issue later this afternoon.

Even the World Bank, which for years has been unwilling to develop a specific policy for co-operatives, is showing signs of change. A recent working paper produced by its African section—with considerable input from ICA and other co-operative organisations—could be the basis for a better understanding of co-operative development throughout the Bank. Similar efforts are underway within the Bank's division for Eastern and Central Europe—this time led by the efforts of the ECEC Network, with support from ICA.

It is clear that one of the priorities for the future will be to make better use of this kind of mutual effort by like-minded bodies. During the last year the ICA has developed closer links than ever before with such organisations as the International Federation of Agricultural Producers, the International Raiffeisen Union, and the members of the Committee of Co-operative Associations of the European Community. During a time when the concept of co-operative activity seems somewhat out of fashion in many parts of the world, it is more necessary than ever for all the advocates of co-operative enterprise to work together. One immediate benefit will be savings in

time and effort for the members of all these organisations. The ICA Specialised Bodies also have a key role to play in this search for more joint activity.

When one thinks of policy one naturally thinks also of research. Here the ICA is concentrating its own global efforts on one supremely important topic—the review of the co-operative principles, about which we will hear more on Friday morning from Ian MacPherson. Much important research work is also done by other bodies, such as CIRIEC, with which ICA is establishing closer relations as part of its new European work programme. At the regional level, practical research activities are part of the activities of many of the ICA regional offices.

Along with policy and development, information is the third major area of ICA activity. The current effort to collect and diffuse information about ICA members—through the News, Review, Directory, special reports, statistics, data bank, and regional publications—constitutes a major effort which requires a large amount of staff time. As indicated in the Annual Report, efforts are underway to determine whether collaboration with other organisations and news agencies might enable ICA to spread the co-operative message more extensively beyond its own membership than is now possible. The work of the European Region, and the plans for the ICA Centennial, can both be expected to contribute towards this important but difficult objective.

Regarding the ICA's plans for 1995, more detailed information will be pro-

vided on Friday, when Graham Melmoth reports on the work of the British organising committee and Mary Treacy distributes the ICA's first centennial news letter. In short, a variety of related seminars, publications, promotional materials, and special events are being planned to focus member and public attention on the co-operative movement. The ultimate success of the year, however, will depend on the extent to which member organisations decide to, and are able to, use it for their own benefit.

In conclusion, Mr. Chairman, I would like to pay tribute not only to the ICA staff at head office and regional offices (as I have already done in the Annual Report) but also to the members of the Board, and particularly those whose terms are ending with this meeting. All six have made a particularly important contribution to ICA during these recent years, and I would like them to know how much their efforts have been appreciated by me and by other staff members.



Good entente leads to positive co-operative results!

Report from ROAP

by G. K. Sharma*

The ICA Regional Office for Asia and the Pacific (ROAP) was established in 1960. After restructuring it now represents 62 national co-operative organisations from 25 countries in the region, and one regional organisation. There are more than 450 million individual members in the region: about 63% of the ICA's total individual membership. The region includes industrialised, rapidly-growing and also least-developed countries.

The responsibilities and functions of ROAP include co-ordination of co-operative development, promotion of exchanges of personnel and experiences; project identification, formulation, monitoring and evaluation; assisting with the establishment and strengthening of national co-operative organisations; and the organisation of seminars, conferences, meetings etc. on specific subjects. In addition to its Regional Assembly and Executive Council consisting of one delegate from each country, it has six Specialised Committees, one for each development project, consisting of professionals from member organisations who guide and support the ROAP and its development activities.

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Keeping in view the ICA Policy for Co-operative Development, the development objectives of ROAP are:

- i the building of democratic, economically viable co-operative organisations which are capable of serving their members efficiently;
- ii influencing co-operative laws and Governments' co-operative policies to promote genuine co-operative development based on Co-operative Principles;
- iii developing a well-coordinated, integrated co-operative structure in order to enhance the economic capacity of the co-operative movement;
- iv promoting regional collaboration for the exchange of technical infor-

mation, know-how and innovations and to increase international co-operative trade; and

- v gender integration to ensure a more representative participation in management by co-operatives' users and beneficiaries.

These objectives are carried out through six development projects namely:

- the Development Co-ordination Unit,
- the Agricultural Co-operative Development Project,
- the Consumer Co-operative Development Project,
- the Human Resources Development Project,
- the Project for Strengthening the Management of Agricultural Co-operatives in Asia,
- Women's Participation in Co-operatives.

These projects are managed by a team of international experts. Recent additions to the team include Mr. Malte Jonsson from the Swedish Co-operative Centre (SCC), who takes over from Mr. Karl Fogelstrom, Mr. Robby Tulus from the Canadian Co-operative Association and Ms. Uma Mukherjee from the National Co-operative Union of India (NCUI).

The major development partners contributing to the above projects are the SCC; the Canadian Co-operative Association (CCA); and the Japanese Min-

istry of Agriculture, Fisheries and Forestry (MAFF), the Central Union of Agricultural Co-operatives (JAZENCHU) and Consumers Co-operative Union (JCCU). The JCCU is currently financing a Woman Officer and has also agreed to second a Woman Official from 1994. The above development partners provide about two-thirds of the ROAP's funding, member organisations provide the remaining third of the resources needed to implement its development activities.

One encouraging feature is that, in addition to financial support, member organisations are increasingly participating in and financially supporting workshops on subjects of regional interest. They meet the cost of hosting the workshops, including board and lodging, transport etc. Countries already participating in these programmes include Australia, China, India, Japan, South Korea and Singapore.

Another major achievement in the recent years as a result of the ICA's efforts has been in the changes in the co-operative laws of many Asian countries. Restrictive provisions have been removed and Governments increasingly recognise that co-operative self-management is best, Governments' role being that of watchdog rather than of controlling or managing agency.

Further areas where specific efforts are being initiated are the strengthening of Data Banks containing basic data on co-operatives in the region, co-operatives and environment, gender integration, the development of medical,

university and school co-operatives, and of artisans' and workers' co-operatives through CICOPA and the establishment of non-traditional co-operatives.

In brief, the future priority of the ROAP is to enhance the democratic base of the co-operative movement through

increased member participation, to improve the professional and technical competence of management, to strengthen healthy and constructive Government-movement relations and to enhance collaboration between co-operative organisations at different levels, in both formal and non-formal sectors.

Report from ROWA

by Ada Souleymane Kibora*

The Situation in West Africa

The countries of West Africa are, like the rest of the continent, experiencing or suffering two great and unprecedented phenomena: the political and economic changes and deep crises that have been shaking West Africa for several years.

Politically speaking, the situation in West Africa is affected by the process of democracy. The western type of democracy is a new concept for Africa and it involves new kinds of behaviour for the man in the street and for political leaders. Open discussion, freedom



of expression and even the vote itself - all these require a culture and knowledge that is new. The existence of democratic institutions (political parties, parliaments) or legal structures (constitutions) does not necessarily mean that there is "Democracy"; legal texts and institutions are, as the saying

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goes, only worth the people appointed to govern them or to enforce them.

It is at this level that training, education and learning, be it civic or democratic, is most important. Co-operatives, with their co-operative values and principles, are invaluable schools for the learning and practice of democracy.

Political change is directly related to sociological conditions, to pre- and post-independence history, to the personalities of leading political figures and to what is at stake in each country. Examples of this include Cape Verde, Benin, Senegal, Togo, Ghana and Nigeria.

Such political change gives co-operatives more freedom and autonomy as they are no longer curbed by single parties or governments. There is some concern however, that, on the one hand, the conquest and preservation of political power will have exclusive priority over development targets and, on the other hand, that co-operatives and other self-promoting associations will not be considered worthy of investment by the various political forces in operation. These organisations are, at present, the only bodies which are capable of stimulating, representing and defending the interests of the peasant worker. They are dormant political forces of considerable strength.

The situation in West Africa is also characterised by the implementation of economic stimulation, privatisation and structural adjustment programmes. These programmes include the following:

- a reduction in operating costs and wages paid by the State so that budget deficits can be reduced. In several countries, the number of state employees with co-operatives has been reduced, and there are now none at all in some countries such as Senegal. These state employees had been responsible for the training, education and technical expertise of co-operatives. Generally speaking, no measures have been envisaged to help co-operatives take on these new functions themselves;
- a reduction in social investment, resulting in some co-operatives and groups investing a part of their income in building schools and health centres rather than strengthening their own financial positions;
- an upturn in receipts, or an increase in fiscal income and taxes. Such fiscal measures result in higher consumer prices and higher factors of production making co-operatives less competitive in both domestic and international markets;
- repeated devaluation of non-convertible currency which results in less stable saving and which weakens credit and savings co-operatives;
- the withdrawal of the State from manufacturing sectors and the privatisation of national economies. In some countries, State withdrawal and privatisation have led to "laissez faire" situations and unfair competition which create an environment unfavourable to the development of co-operatives.

All these changes can be seen as both causes and effects of a deep crisis within the economic, human, legal, political and social order.

Co-operatives, budding co-operatives and village groups are also affected by this crisis in terms of their dual roles as economic and social organisations.

The process of political democracy and economic freedom in West Africa is creating a new environment and offers new opportunities for the development of co-operatives in the region.

The new conditions apply to co-operatives just as much as to private national and international companies.

Consequently, co-operatives are facing increasingly strong and varied economic competition and this demands creativity, flexibility and efficiency.

As far as co-operatives are concerned, a change in the concept of "co-operative" is needed, with an improved management and structure accompanied by increased technical competence and efficiency. It is for this reason that African co-operatives find the research conducted by and the presentations given by Mr Åke Böök and Mr MacPherson on The Co-operative Charter and Principles so applicable.

Co-operatives, budding co-operatives and sub-regional groups can no longer limit themselves to addressing problems on a daily basis. They must look to the future and plan for the future. Otherwise they risk being overtaken by events and may even cease to exist.

What strategies, what means and what kind of institutional help can be given to these co-operatives and groups? Ninety percent are composed of small-time peasant workers, women, craftsmen and savers. Often they cannot read or write? They have not enough money to compete against companies or individuals richer and more experienced in business than themselves.

These are the problems and questions that this Office is trying to help the co-operatives address through its programmes.

Priorities and Activities

Founded in 1981 at Abidjan, the ICAROWA (International Co-operative Alliance Regional Office for West Africa) sees itself as a loosely-knit structure representing ICAROWA General Management and co-operative movements in the region. It concentrates on assisting and stimulating the development of co-operatives and self-promoting organisations in West Africa.

It is open to membership of "ridge" and regional organisations within the sixteen French, English and Portuguese-speaking countries of the Region.

The official agents of the ICAROWA have identified priorities which have resulted in a Five-Year Plan and in development programmes for countries. The programmes are implemented by and on the request of organisations and countries.

The priorities identified are as follows:

Firstly, to clarify and to improve relationships between governments and national movements by using co-operative legislation as a means of communicating.

Legislation is examined by technical experts and by co-operative members for both theoretical and legal content as well as practical application. The information resulting from this double analysis technique means that information and awareness campaigns and/or legislative amendment procedures can be undertaken as necessary.

Since 1990, Cape Verde has benefited from a programme of research and amendment to its co-operative legislation so that it can adjust to political and economic changes in the country. Two bilingual regional workshops were also organised in 1991 and in 1992. The purpose of these was firstly to compare and analyse co-operative legislation in West Africa and secondly to consider and identify principles, methods and action plans for the legal framework of co-operatives in the new economic climate to be amended in line with a participative approach.

Since May of this year, our Office has been supporting two programmes in Mali and in Niger. The aim has been that of helping our member organisations to analyse their political and legal environments in order to put forward proposals to the governments concerned.

Secondly, to support, through research, awareness seminars, training and study trips, the birth of new co-opera-

tive ridge organisations in countries where they are needed and where a favourable environment and institutional potential exist.

The National Federation of Cape Verde Consumer Co-operatives (Fédération Nationale des Coopératives de Consommation du Cape Vert, FENACCOOP) and the Regional Unions of Co-operative Enterprises in the cotton, coffee and cocoa sectors of the Ivory Coast, newly created with support from BRAO, are concrete examples of this priority being put to work. FENACCOOP is already supplying the shops of its member organisations and around 30% of the total population of Cape Verde is benefiting from the services of FENACCOOP and its network.

On the Ivory Coast, the two Regional Unions are acting as true voices of the people, entering into negotiations with public bodies and private companies about supplying factors of production and marketing cotton, coffee and cocoa.

Thirdly, to help consolidate and support the autonomy of co-operative ridge organisations which are already in existence by the development of human resources.

The National Union of Agricultural Co-operatives in Senegal (L'Union Nationale des Coopératives Agricoles du Sénégal, UNCAS), The Co-operative Federation of Nigeria (CFN) and the National Co-operative Congress of Sierra Leone (NCCSL) have taken advantage of help in 1990, 1991 and in 1992 for the development of their hu-

man resources. For example, the training programme for agents and executives of UNCAS has had a positive effect on the end-of-year trading results. The wastage rate of peanuts marketed fell from 1.3% to 0.3% and this in turn led to an increase in rebates allocated to groups at grass-roots level as well as an increase in income for co-operative members.

The ICAROWA, the DSE in Germany and the ENEA in Dakar have been working together since 1989 on the training of technical staff in co-operatives, in ONG support groups and in state offices with regard to a methodology for Co-operative Management of Small Agricultural Farmers (GACOPEA). Sixty or so people have already been trained during the four-month sessions at ENEA in Dakar. In 1992, one hundred co-operative leaders and three hundred individual members benefited from the human resources development programme.

Fourthly, to stimulate the participation of women in the co-operative development process by the financing of training and income-generating mini-investments specific to women.

The Female Village Groups (GVF) of Kamuyu (Sierra Leone), Tanlili (Burkina Faso), Kabala (Mali) and Baëkori (Niger) have undergone training and received equipment for mini-investments supported by ICAROWA.

The GVF of Tanlili, for example, was equipped with a grain mill. This equipment not only reduced the work load of the women, it also meant that, be-

cause of good management and the training they received, they were able to save a considerable sum of money. These savings were deposited at the bank, the Caisse Populaire de Cissin, and permitted the female co-operative members to take out individual loans for their small business. Furthermore, these female co-operative members were able to use money earned from the grain mill to contribute to the building of a school and a primary health-care centre, in collaboration with the male group. The women are therefore strengthening their role in the promotion of co-operatives and also in the economic development of their environment.

In 1992, one hundred and fifty women co-operative members took part in several training sessions on mini-project management and community development.

Fifthly, to support activities encouraging the collection, management and circulation of information and people through exchanges and inter-co-operative experiences. In order to do this, the ICAROWA has been editing and distributing a bilingual regional bulletin for several years, called "INFO COOP".

In 1991, work on a regional database commenced. The database has two sections: it processes data on people and legal entities who can act as consultants on any problems or requirements connected with the development of co-operatives and it also processes statistical data on the situation of co-operatives in West Africa.

Workshops and Seminars

Every year, the ICAROWA organise several regional workshops and seminars, in addition to study trips and inter-co-operative exchanges.

In 1992, about one hundred co-operative members and employees took part in five regional seminars and workshops on management, co-operative education and the liberation of finance.

On 25 May 1993, the Constitutive Meeting of the Regional Assembly of the ICA for Africa took place in Abidjan. Lars Marcus and Bruce Thordarson, President and Director-General of ICA respectively, were also present.

This meeting was followed by a seminar for the analysis and debate of co-operative principles for entry into the 21st century. The seminar was chaired by Mr MacPherson of the University of Victoria in Canada who is also an ICA consultant. The meeting and seminar were also attended by around fifty delegates from co-operative movements and training centres in West Africa, East Africa and the southern hemisphere.

Future Priorities

Future programmes of the Office will aim to assist co-operative movements to formulate new strategies and priorities and to acquire innovative tools to enable them to achieve the following:

- to orientate themselves as private economic enterprises in the service of their members;

- to take part in defining a political, institutional and legal environment favourable to their development.

Future priorities will revolve around the following central themes:

Accountancy

The Office should assist member co-operatives to acquire an accountancy system and service which is suited to their needs and to their financial and human resources.

The accountancy service could be offered, against payment, either through existing unions or through an independent and loosely-structured body belonging to several primary co-operatives. This approach would have the advantage of reconciling the high costs of expertise with the low availability of finance in the co-operatives.

Computerisation

The co-operative movements of the region are faced with a need to address the shortage of reliable information, for statistical, accounting or managerial purposes, and of how to process that data using computers. Consequently, the Office should assist co-operative movements that wish to computerise gradually, taking into account their needs and their financial and human resources.

Auditing

In spite of the dictates of co-operative legislation, monitoring practices and audits are seldom practised. Following on from Accountancy, the Office should help member unions to acquire

an auditing service. This service should help members of primary co-operatives to monitor the management of their organisations. Where unions do not exist, several co-operatives could group together to acquire a paid service of joint and independent auditing.

The Co-op Development Fund

Co-operatives in sub-regions have less and less access to bank credit for a variety of reasons. One of the greatest challenges for the co-operative movement in the years to come will be that of finance. During the year 1992, an assessment was ordered by NRD/NORCOOP of Norway, on projects for institutional support and human resources in co-operatives. According to this assessment, exceptional measures have to be taken to ensure future financing of the co-operative sector in the region if such organisations are to survive in the new economic and political climate.

The assessment also recommends the creation of a Regional Co-operative Development Fund under the auspices of the Office. This fund would be managed on a commercial basis and monitored by sponsors and co-operative beneficiaries.

Financing from the Fund would be carried out through the unions, federations and the savings and credit co-operatives which are already in existence. The Fund could also act as guarantor for local private banks for financing marketing activities.

Future programmes from the Office will continue to support the develop-

ment of human resources, the consolidation of institutions and the strengthening of roles played by women in co-operatives.

This second area of future plans follows on from and reinforces the projects which are currently in hand.

Overall Conclusion

In spite of the very real constraints on co-operatives and in spite of the economic crisis which is affecting African countries, co-operatives and other forms of self-promoting organisations have played, and are continuing to play, a very important role in the economic and social development of the most disadvantaged of social sectors - that of the peasant workers.

In every country, co-operatives play a very important role in the agricultural sector in areas such as credit, supplying factors of production, production itself and marketing.

In the Ivory Coast, primary co-operatives in 1988/1989 marketed 30% of coffee and cocoa achieving a turnover of around US\$ 319 million. In Benin, 139 credit and savings co-operatives liberated US\$ 2,068,588 between 1972 and 1991. Even in Sahelian countries, such as Burkina Faso, 147 savings and credit co-operatives have managed to free around US\$ 1,158,352 between 1969 and 1991.

The planting of trees and the erection of small structures to help prevent erosion are often the work of co-operatives and village groups. This all helps

in the fight against desertification and safeguards the rural environment in Sahelian countries.

As you will have noticed, co-operatives and other self-promoting organisations have clear roles to play in the development of grass-roots populations. In the absence of agricultural unions, co-operatives offer the only form of organisation and expression that is open to peasant workers.

The constraints and criticisms which are often directed towards co-operatives are almost certainly due to a lack of understanding and application of the "co-operative" concept. They are equally due, however, to the structural and political problems inherent in the whole of the "Under-developed nation" system.

The various economic and financial crises seen over the last few years have

adequately demonstrated the weakness and precarious position of both private and public enterprises, of development projects and even of the State as an organised system of management.

Co-operatives are therefore unable to escape from the circumstances of the past (the colonial era); nor can they escape from the circumstances of the present.

Reforms, changes and adjustments are being introduced to all sectors of political, economic, social and legal life.

The co-operative sector also needs to adjust in order to survive in the present and to anticipate the future. It is the character of a private economic enterprise that co-operatives must look to, more than ever before. Co-operatives must make profits for their members through effective management.

Report from ROECSA

by Vincent M. Lubasi*

Developments and Plans

The ICA Regional Office for East, Central and Southern Africa currently has a membership of ten national apex organisations and two national specialised organisations. Member movements are from Botswana, Kenya, Lesotho, Mauritius, Somalia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. According to the latest statistics, the individual membership totals 6,879,398 excluding Somalia where, for obvious reasons, it is not possible to get accurate data.

Apart from the above movements, the Development Workers' Centre for Education and Co-operation of Rwanda is an associate member of the Office. The office also has close collaboration with co-operators in Malawi and Namibia. Recently contacts have been made with co-operators in the Republic of South Africa. It is our hope that they will be admitted as members of the office once the on-going democratisation process is concluded.

In 1984, the Region organised the first ICA African Ministerial Co-operative



Conference. At the conference, it was agreed inter alia to declare the period 1985 - 1995 a Regional Co-operative Development Decade with the theme 'Progress Towards Self-Reliance'.

During the Decade, the Region was to address issues considered pertinent at that time. These were identified as follows:

- to provide education and training to all the relevant target groups;
- to remedy the co-operative movement's financial handicaps;
- to facilitate, rather than inhibit, co-operative development through co-operative legislation;
- to promote inter-co-operative collaboration through trade between and among co-operatives;

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- to adopt a ten-year development plan with reasonable targets; and
- to encourage Governments to initiate the mobilisation of financial resources both locally and internationally in order to promote co-operative development.

These have continued to provide the main thrust of the Regional Office activities. Over the years additions have been made, so as to reflect the realities of economic and political liberalisation now going on in the region. Such additions have been sanctioned by the conferences of 1987, 1990 and 1993.

In March this year the Regional Co-operative Development Coordination Committee met to prepare for the 4th ICA African Ministerial Co-operative Conference. In view of the fact that the decade is now drawing to a close, the Committee reviewed the progress made towards the achievement of the various targets. It also established strategies and targets for the future.

Progress Recorded

At the 4th Ministerial Conference it was agreed that the region has done fairly well in providing for the training of members in addition to that of supervisors and middle management. Top management does not seem to have received adequate attention. In addition, there is a perceived lack of relevant literature for use in educational institutions.

There is an increasing level of collaboration on the part of training institutions in the region. The Co-operative

Colleges in Kenya and Tanzania, with the help of the ICA Regional Office, signed a memorandum of understanding last year. This incorporates a wide range of co-operation in areas such as staff exchanges and study visits. Earlier this year, officials of the Tanzania Co-operative College visited Swaziland, Lesotho and Botswana where they discussed ways to strengthen existing relations.

More recently, officials from the Co-operative College of Kenya visited Botswana while the Zambia and Kenya Co-operative Colleges took part, for the first time, in the Annual Symposium of the Co-operative College, Tanzania.

It is also increasingly realised by co-operators that there is need for co-operative institutions to be specialised, to cater for the whole region. Currently, except for colleges in Tanzania and Kenya, the tendency has been to cater for national needs.

The area of co-operative legislation continues to be of interest in the region. On a positive note, it can be stated that since 1984 some countries have overhauled their laws making co-operatives more independent of the State. In Kenya and Zambia, the review exercise is going on. Namibia has recently adopted a favourable co-operative policy. In other countries, there is an on-going dialogue between co-operators and Governments concerning the need to update co-operative laws and give co-operators actual control of their businesses. This changing attitude on the part of Governments

has come about partly as a result of the triennial ministerial conferences and the general political and economic changes.

In collaboration with other agencies, the Regional Office has carried out inter-agency missions in some countries of the region. This year an inter-agency mission for Malawi was carried out in collaboration with the Food and Agriculture Organisation (FAO). Following the mission, Malawi will embark on a programme for the promotion of co-operatives.

The International Co-operative Banking Association (ICBA) held its meeting in Nairobi in March, 1993. This was the first time such a meeting had been held in Africa. The meeting was preceded by that of the Regional Association. The timing of the meetings was made to coincide with the 25th Anniversary of the Co-operative Bank of Kenya.

The highlights of the year include the consultation meeting held in Abidjan, Ivory Coast, on 25th May, 1993 to create the ICA Regional Assembly for Africa.

Many co-operatives in the region are operating with inadequate share capital and substantial borrowings for working capital. They have been hit by the economic stagnation and inflation which has characterised most of the region. Savings and credit co-operatives exist in all the countries in the region. Co-operative banks exist in Botswana, Kenya, Uganda and Zambia. However, it has not been possible for movements to become self-suffi-

cient financially. Member recapitalisation is hampered by low incomes, and sometimes by low returns on share capital. The ICA Regional Office runs a project on Banking, Savings and Credit which provides technical assistance to other institutions within the region.

The Regional Office recognises that, in this period of rapid change, members need assistance in organising themselves to meet the challenges. It is for this reason that strategic planning has been high on our agenda.

Initially, a seminar was organised on strategic planning for the chief executive officers of our member organisations. Strategic planning has been carried out for our members in Botswana, Kenya, Lesotho, Swaziland and Zambia. The office is ready to do the same for other countries on request. The Research, Planning and Consultancy Project which provides the service is currently the oldest on-going project at the office.

The office maintains that, for harmonious development to occur, gender awareness needs to be instilled into all those concerned with co-operative development. In 1992, all paid staff attended a one-week gender sensitisation seminar. This has greatly helped them to be gender sensitive in whatever activities they undertake. At the moment the Human Resource Development Project is preparing for a regional gender seminar to be held prior to June 1994. This is expected to spread awareness of the issue of gender consciousness further afield.

Co-operatives in the region are gearing themselves to take advantage of newly-created opportunities. Liberalisation, which has eliminated State monopolies, has given co-operatives a chance to undertake import and export trade. Having started to export coffee in 1991, co-operatives in Uganda are currently exporting 17% of the country's crop as one of 21 exporters. Co-operatives in Kenya and Tanzania are increasing their export of the traditional crops. At almost every forum of co-operative leaders, the need to strengthen trade ties is emphasised as one way of increasing self-reliance. The office has provided advice on trade-related services since 1989.

The abolition of internal monopolies in areas such as banking and insurance services will lead to greater co-operative participation. The regional office worked very closely with the movement in Zambia in the establishment of a co-operative insurance society. The society now handles the bulk of co-operative insurance business. Similarly, the office is working closely with the Tanzanian movement in the arrangements for the establishment of co-operative rural banks.

Priorities for the Future

The Regional Office will continue to address the perceived needs of its members. In particular, emphasis will be placed on human resource development, business development and the creation of genuine member co-operatives. The overall objective shall be to work towards a well-managed, viable and flexible movement. In the area of human resource development, the office shall work closely with organisa-

tions like the Food and Agriculture Organisation (FAO) in developing member participation programmes. Similarly, collaboration with the Swedish Co-operative Centre (SCC) in organising Co-operative Member Participation Programmes will be continued and expanded. The office is also embarking on Executive Training Programmes for co-operative managers to enable them to appreciate and utilise new opportunities. During September 1993 it organised a seminar on Joint Venture Negotiations. We help to organise similar seminars at least once every year.

The office will continue to have dialogue with Governments whose co-operative legislation is not particularly conducive to co-operative development. The generally positive atmosphere in the region shall be taken advantage of. It is the only way in which we can assist co-operatives to become truly member based and controlled. The problem of co-operatives' weak financial position is viewed by the office as a big threat to future development. The possible participation of co-operatives in export business is particularly likely to be affected. The office will continue to address the issue in collaboration with the Regional Committee of the International Co-operative Banking Association (ICBA).

To consolidate the co-operative movements in the region, the Regional Office will embark on the recruitment of National Specialised Co-operative Organisations as members. This will increase the participation of all sectors of the co-operative movement.

ICA Development Forum

by Momodou M. Dibba

The ICA development forum took place at the ILO Conference room in Geneva on 7th September 1993, when presentations on the ICA's global HRD programme were discussed. The meeting acknowledged the importance of Human Resource Development to the ICA's new development strategy and to its regional programmes.

The ICA development strategy underlines the need for the creation of development models that are people-centred and geared towards the achievement of sustainable human development. It also combines effective member participation at all levels, economic growth and access to productive and well-paid employment.

The meeting recognised that the reinforcement of human and institutional capacities is critical to the development process: not only for improved economic management, particularly of co-operatives, but also in the ability to react to changes within the world economy as they thrust themselves upon us. In this regard, HRD programmes must be well-structured, with well-defined strategies that reflect development priorities, stated objectives and a realistic time frame. The meeting stressed the need for education and training to be adequate, systematic and dependable. The use of participatory techniques, and the exploitation of all

methods of communication and information including distance education, networking at local, regional and inter-regional levels, audio visual systems, mass media and publications was re-emphasised.

However, the meeting noted the problems experienced by co-operatives, especially those in sub-Saharan Africa, in becoming involved in courses on loss control and security management. Equally, institutions should be more businesslike in their attitudes towards education and training, concerning themselves with standards, relevance and innovation.

The training of trainers was felt to be most effective in view of the multiplier effect on grassroots education and training. To this end, the meeting agreed that training must always be relevant and direct. It should provide business education and better management of scarce resources, since co-operatives are inherently conservative organisations and will always insist on better returns on their investments.

With regard to the financing of HRD programmes, a move away from donor financing to self-financing as a concept was considered desirable so as to achieve autonomy, independence and the sustainability of programmes in the co-operatives.

The conventional definition of capital must be broadened to include human and natural capital. Development of the people means investing in humans' abilities, whether in education, health or skills, so that they can work productively and creatively, thus ensuring that the economic growth they generate is distributed widely and fairly.

The meeting stressed the need for effective monitoring and evaluation systems for HRD programmes, especially impact evaluation. There was general recognition that Human Resource Development was considered to be a process of socio-economic change and that the centrality of people in the development process is paramount.

Grassroots education, leadership training and professional and technical training are important ingredients in the socio-economic framework of co-operatives. People in co-operatives need to broaden their horizons, their thoughts, their commitment and their perspectives with regard to HRD, which should occupy a more important place in their thoughts. As primary users and producers of co-operative services, women should be given a higher priority in HRD, employment opportunities, education and training, credit facilities and leadership roles, and within the decision-making process.

The feeling of the forum was that the central role of the ICA in supporting HRD programmes must continue. Regional Assemblies and Regional Councils should include programmes that focus on HRD in their strategic planning. Likewise, Governments,

NGOs, co-operative educational institutions and international organisations should make every effort to promote HRD programmes at all levels.

The ICA Policy on Human Resource Development and its Development Strategy have been put in place, as has the ICA Policy on Women in Co-operative Development. Through its established regional structures, the ICA itself is prepared, more than ever before, for the momentous challenges posed by an environment characterised in the developing world by structural adjustments, market liberalisation and the disengagement of State in co-operative activities. To this end, we must find effective ways and means of strengthening our co-operative endeavours.

Although some excellent training facilities are already available: the Cemas programme, funded by the Swedish Co-op Centre; the Matcom programme, funded by Nordic countries through the ILO; and the UNESCO travel grant scheme for co-operatives and Trade Unions, there is still room for more such aid.

Aid-driven programmes should be structured to suit the co-operative movement, and appropriate standards established to build a viable, cost effective, independent and sustainable co-operative enterprise.

Finally, the follow-up action of the ICA Development Strategy at regional level requires us to remember that HRD should be a productive factor which pays dividends on the economic performance of co-operatives.

The Environment and Sustainable Development

by Raija Itkonen*

The Environment and Sustainable Development was the second major theme of the ICA Congress in Tokyo last October. The timing of the theme was perfect because the UN Conference on Environment and Development (UNCED) in Rio in June 1992 with its Agenda 21, a guide for business and Government policies and for personal choices into the next century, was still fresh in the memory. Thus, in fact, the discussion in Tokyo was a co-operative follow-up to the Earth Summit and the Global Forum.

In Tokyo the ICA Congress adopted a resolution on the environment and sustainable development which, among other things:

- recognises the link between environmental preservation and development,
- calls on ICA member organisations to strengthen their activities in this field,
- recommends member organisations, specialised organisations and regional structures of the ICA to formulate their own action programmes towards the compilation of a Co-operative Agenda 21 to be presented at the ICA Congress in Manchester in 1995.

* Ms Itkonen is Director of International Relations of the Finnish Consumer Co-operative Association, Finland. She is also a member of the ICA Board.



As a follow-up to the Congress resolution the ICA Secretariat, together with the ICA Consumer Committee, held a Seminar entitled 'The Environment and Sustainable Development' in Rome on May 21-22. This two-day seminar brought together representatives of ICA specialised bodies, members of the ICA Consumer Committee and members of the European Co-operative Environment Committee.

In my capacity of ICA Vice-President I was asked to chair the first day of the Seminar. Day two of the seminar had a consumer focus, with presentations made by various movements reporting on specific activities undertaken in the field of environment. This day was chaired by Mrs. Ström, Chairperson of the Consumer Committee.

The aim of the Seminar was to begin the process of reflection on the preparation of a Co-operative Agenda 21, as mandated by the Tokyo Congress.

The first day introduced the topic of environment and sustainable development through presentations of the Centre for Our Common Future, the UN Food and Agriculture Organization and the International Federation of Agricultural Producers, all active in the dissemination of information on environment and sustainable development issues and as actors in their sector.

In this connection, I warmly recommend the plain language version of the UN Agenda 21 published by the Centre for our Common Future. It facilitates access to the important material contained in the original 700-page-long Agenda 21.

The presentations were followed by an excellent introduction of the draft Co-operative Agenda 21 by MariaElena Chavez-Pirson from the ICA Secretariat, and I thank MariaElena for her excellent work. I must say that we have a very fine and very able team working for us in Geneva.

Several proposals we made about the document, including suggestions

about its target group, about the role of women and that the document should be attached to an Environment Strategy which could outline relationships between co-operatives and other non-governmental and governmental bodies, business activities, education, care for heritage etc.

The resolution on Environment and Sustainable Development was unanimously passed in Tokyo. This means that we have an obligation to act. The Conference held in Rome requests all ICA member organisations to study the draft agenda during 1994 and to send any comments and suggestions to the ICA Secretariat by the end of the year. A final version of the Co-op Agenda 21 is to be published in January 1995 for presentation at the ICA Manchester Congress in the September of that year. It is my sincere hope that this will be an inspiring and convincing Centenary document.

To conclude my report I would like to quote Mr. Aurelio Peccei, the Italian industrial leader and founder of the Club of Rome, who said: 'The future is no longer what it was thought to be, or what it might have been if humans had known how to use their brains and their opportunities more effectively. But the future can still become what we reasonably and realistically want'.

Introduction to ICA Policy on Women in Co-op Development

by Jan-Eirik Imbsen*

Background and Context

One of the primary objectives of the ICA is to act as a catalyst for co-operative development in all parts of the world. Both the ICA Policy for Co-operative Development and the ICA Policy on Human Resource Development were formulated in order to provide a framework and guidelines for development strategies and activities designed to foster co-operative growth.

The equal participation and integration of women in co-operative development has long been a concern of the ICA. However, in the absence of a clear overall global policy providing guidelines for the formulation of viable gender strategies, our programmes have not always been able to sufficiently focus on women.

Acknowledging the need to do more to mainstream female members, a global ICA gender policy was identified as a priority. The *ICA Policy on Women in Co-operative Development* was consequently drafted and approved by the ICA Board at their meeting in Montevideo in March.

* Mr Imbsen is Director for Human Resource Development at ICA Head Office.



Before I take you through some of the salient points of the policy, let me just briefly make a few general remarks on this subject.

The Commission on the Status of Women in their five-year review (1990) and implementation of the Nairobi Forward-looking Strategies for the Advancement of Women to the Year 2000, warned that the cost to societies of failure to achieve true gender equality in all realms of life would be high in terms of slowed economic and social development, misuse of human resources and reduced progress for society as a whole.

The Commission found that the situation of women had deteriorated in many parts of the world, especially in

developing countries where economic stagnation, negative growth and growing debt, continued population increases and the reduction of public expenditures for social programmes had further limited the opportunities of women to improve their situation. There was also evidence of a disturbing decline in the status of women in the areas of education, employment and health. Too often the issue of the advancement of women had received only low priority.

For decades, development agencies primarily targeted men assuming that all people are affected the same way. Now there is a growing awareness that by ignoring women's needs and failing to recognise their key role in economic development in the developing world, they may have undermined the potential for development. Today attempts are being made to reverse this unfortunate trend, and we find that developing agencies increasingly focus on women in their programmes. Recognising the importance of mobilising the total human potential for development, they have come to realise that we cannot afford to leave out half of the human race in this process. Women can only participate in the process of democratisation to the extent that their human rights are fully recognised, their human potential is developed and they are empowered. The empowerment of women will come from their having access to and control over social resources. More attention should therefore be paid to the way in which resources are allocated within the household or community. Systematic gender planning which

takes into account the different roles and needs of women in society should consequently be applied.

As long as the equality of opportunity is denied them, attempts to integrate women into the development process will continue to have mixed results. Such equality is also essential in terms of human rights and social justice, as well as being the best way to promote change with a human face.

Having said all this, how does ICA propose to go about advancing the role of women in co-operative development? The new Development Strategy outlines our approach which gives priority to women by developing their role within the co-operative movement. It is essential that due consideration be given to gender analysis within the framework of all projects, the aim being to create an enabling environment for sustainable human development in general, and a participatory, viable and equitable co-operative development in particular.

We must continuously analyse what mechanisms have prevented women's participation, and focus on them in ICA's work. One example is legislation which is a priority area for the ICA. (The new co-operative legislation in Namibia which seeks to facilitate women's participation, will be studied with a view to possible duplication.)

To exercise, and indeed to acquire, power furthermore requires skills that must be developed through capacity building. It is consequently crucial that as many women as possible be offered

education and training opportunities, so that each woman, whatever her culture and background, from whatever part of the world, can develop her full capabilities to the ultimate benefit of all society. The ICA will therefore continue to encourage the participation of women in education and training activities.

Gender training and sensitisation of both men and women on gender issues is being carried out, but should be intensified, and the compilation of disaggregated data on women as well as analyses of their situation should continue also with a view to improving the design of strategies and programmes that may better address women's concerns within priority areas.

In line with ICA's new structure there is a renewed emphasis on working through the regions where we have programmes targeting women. In the Asia/Pacific region, for instance, recent gender activities include the publication of regional country studies, the formulation of national and regional strategies, and organising a regional Gender Conference (in Japan). In Central America we have for some years now been running a fairly extensive regional Women's Programme with a substantial income generating component. In West Africa, the recent appointment of a Gender and HRD Officer will enable us to intensify existing projects designed to promote women in co-operative development in that region, and it is our hope that this gender consultation will bring more focus to our gender activities in East, Central and Southern Africa.

Key Elements of the Policy

With your permission, Mr. Chairman, I would now like to go through some of the key elements of the Policy.

The aim of the policy is twofold:

- a) to contribute to the effective implementation of the ICA Policy for Co-operative Development in accordance with the ICA Policy on HRD in Co-operatives, and
- b) to assure the effective participation and full integration of women in co-operative development at all levels.

In the preamble we state the dilemma that despite the democratic nature of co-operatives, there are still obstacles that prevent the full participation of women. This policy sets out to address these constraints and suggests guidelines for how they may be alleviated.

The background traces previous efforts by the ICA, in deed (the work of the Women's Guild and the Women's Committee) as well as in words (policies), to promote women's participation. Although it concludes that the impact so far has not been satisfactory, it shows that the ICA has a tradition of advocating women's causes and that it is not just getting on the 'gender bandwagon'.

The difference today is that we now have established global guidelines for regional and national strategies which we will have more resources to carry out in what is after all an increasingly more receptive environment.

The following section, Target Groups, includes what we consider to be key actors on the co-operative stage; states and policy makers, development agencies, financial institutions, training institutions, women's groupings and the members, committee members, co-operative leaders and staff of co-operative organisations. Keywords defining their involvement are revision of constitutions and laws, the application of gender planning methods, access to credit, education and training (capacity building), networking and gender awareness.

The section on activities focuses more directly on programme interventions that highlight the close linkage between gender issues and development, all of which are essential and should require no further comment from me.

The policy also sets out to define the role of the ICA. It calls on the ICA to (inter alia) promote women's role and gender issues in general, to be a catalyst and coordinator of gender programmes, to identify and mobilise donor support, and to assist in formulating policies, strategies and programmes designed to advance the role of women in co-operatives. It is a big portfolio, but one which the organisation should be well equipped to carry out given the necessary support from members and development partners.

Under a) we emphasise that support for women should not necessarily be given through specialised women's projects. Because gender differentiation varies from one region to another and from one socio-economic group to another, there is no uniformity in wo-

men's productive roles and in the means of addressing the improvement of these roles. Strategies will consequently have to be tailored to fit the prevailing specific cultural, socio-economic and political circumstances, and programmes should be designed to improve the social, economic and political role of women within the co-operative movement.

At the Tokyo Congress, ICA's President Lars Marcus used the word network to describe the organisation. Point b) underscores the functional advantages of such a big network that makes it ideally suited to undertake a coordinating role. Its contact net also enables it to solicit support both from within (member organisations), and outside the organisation (development partners).

Point c) highlights ICA's structure, the existence of specialised bodies as vehicles for the institutionalised promotion of gender issues. I know that the Women's Committee has had discussions with some of the other committees about joint ventures.

In d) the international nature of the ICA gives it access to various fora where it can advocate gender issues.

Point e) emphasises ICA's capacity to serve as a provider of services to its members.

The global policy should be regionally neutral, but also emphasise the regional approach which necessarily must be adapted to local conditions. We want an overall policy that can relate to regions regardless of national/regional characteristics, but that still accentu-



Regional Consultation on Gender Planning - delegates gather together in Nairobi in October 1993.

ates ICA's general objective of integration. Given the diversity of culture and tradition within the organisation, the policy furthermore suggests that the regions formulate priorities, strategies and policies that reflect regional realities and address local needs.

Together, these documents should be seen to voice the ideals and intentions of a world organisation with shared values, principles and objectives, but also with a diversity of culture, traditions and priorities that can find their expression in policies and strategies that address regional concerns.

In the conclusion, the ICA Board calls upon the member organisations to implement the gender policy with vig-

our and requests the development partners to support the efforts of the ICA and its regional offices in this direction. A concerted effort of this nature is enjoined on all engaged in co-operative development programmes for preparing the co-operatives to enter the next century with purpose and energy.

The policy sends a clear message that gender is indeed a priority area of the ICA. If we look at the past, we find that the history of the co-operative movement is filled with good intentions with regard to women's issues. With this document providing a much needed framework we are now in a better position than ever to begin to realise them. That is our challenge for the 1990s.

ICA Director-General's Introduction to Case Studies

Our plan is to spend the rest of the day hearing from 16 co-operative organisations about their recent experiences. The theme of the presentations is "Innovation and Success". All have been chosen because they represent attempts to bring new solutions to current problems.

The Specialised Bodies have been very helpful in assisting us to identify these case studies—and in several instances they will be contributing themselves. Naturally there are many other examples of success which could also have been chosen, but the presentations today are also designed to provide some balance among sectors and among regions.

It is our hope that these presentations will bring out important themes which will be of interest to all ICA members, whatever their region or sector. The idea is not to hear the history of these organisations, but rather to analyse

what they are doing differently, and why. After each presentation, delegates are encouraged to ask questions or add comments of their own.

We are grateful to all the organisations which agreed to make these presentations today. And for the benefit of participants, I would remind you that all these reports will be printed in the next issue of the ICA Review. It should be a most interesting and thought-provoking collection.

In spite of the many problems facing co-operatives everywhere around the world, it is also good to remind ourselves from time to time that there is also much of a very positive nature taking place. It may not be a time for "grand designs", as Sven Åke Bööck reminded us in his Congress report last year, but it is certainly time for renewed effort, for innovation, and—hopefully—for success.

EXIMCOOP - a Co-op Trading Company

by Roberto Rodrigues

General

In the absence of a marketing structure, increasing agricultural production in Brazil was creating problems with the pricing of products: the higher the levels of production, the lower the prices paid to farmers.

Farmers needed some kind of mechanism of their own so that they could escape from this paradox. Above all, they needed to look at mechanisms for gaining entry into the external market, and thereby free themselves from national and international trading companies. The market had to be considered as a whole and the internal market and the external market had to be looked at from the same perspective. In this way, the opportunities that each market offered could be taken advantage of.

The closest contact possible with final consumers was needed. This would result in more competitive prices on the one hand, and a greater share of market remuneration for farmers on the other.

Specific

Agricultural co-operatives often encountered difficulties from isolation

when organising and developing ventures with external markets. The reasons for this are as follows:

- experts in this field were rare and expensive.
- a large amount of ready investment was needed.
- each co-operative itself exported very little; it is when taken as a whole that a large amount is exported.

Second grade co-operatives (i.e. Centres and Federations) were unable to overcome this problem because their affiliated companies (the first grade co-operatives) had different interests with regard to the purchasers of the products, with pricing etc.

As a result, a vacuum existed. This vacuum was filled by a Sociedad Anónima company formed by co-operatives interested in international trade. This would result in:

- greater flexibility,
- better facilities for the handling of products, independent of the first grade co-operatives,
- the possibility of marketing a similar batch many times.

The Constitution of EXIMCOOP

A study was conducted to investigate the viability of constituting a co-operative trading company. Following approval by the OCB, the study was submitted to governmental bodies for comment and feed-back from affiliated co-operatives. This was done during March to July in the year 1989. Meetings were held to try and decide the fundamental concepts of the structure to be taken by the trading company.

In August of that year, two large meetings were held (at Sao Paulo and Florianópolis) to ascertain the views of the co-operatives themselves on the trading company.

As a result of this, a working party was formed (by OCB and OCES) with the following duties:

- developing and finalising the fundamental concepts that had been decided,
- drawing up the Articles of Association of the company,
- arranging the final meeting for the constitution of the trading company.

On 10 January 1990, a meeting took place which voted yes for the constitution of EXIMCOOP and which determined fundamental details, such as capital and shares.

Fundamental Concepts Adopted

Freedom of participation: co-operatives could participate in EXIMCOOP when they so desired. The idea was to start a process which would lead to the creation of other trading companies,

specialising and expanding over the entire countryside.

Partner co-operatives would have their operational autonomy preserved; no co-operative would be obliged to work exclusively with EXIMCOOP. Neither would EXIMCOOP be obliged to work exclusively with partner co-operatives or with co-operatives alone.

EXIMCOOP would not enter into competition with co-operatives - whether partner co-operatives or not - against other co-operatives. EXIMCOOP would not simply be another co-operative, it would be something more.

Risk Limited to Subscribed Capital

Co-operatives would participate in the Board and Council of Administration. At operational level, they would take part in "Product Committees".

Operational Consortiums would be formed, based on a particular product or group of products. This would bring together the co-operatives that were already trading within a structured marketing environment.

EXIMCOOP would be involved with the following:

- international contacts,
- establishing trading structures abroad,
- constructing its own terminals,
- setting up transportation and contracting of transportation,
- developing other products.

The company was constituted on 24 May 1990 despite enormous problems

caused by changes in the Federal Government (Collor) and resultant changes in the country's political economy. Some suggested that the constitution of the trading company should be postponed, but 9 of the 25 candidate co-operatives decided to go ahead and to start trading under EXIMCOOP.

The authorised capital had been US\$ 2,000,000 but only US\$ 80,000 was subscribed. With this almost symbolic amount of capital, early times were very difficult as credit could not be obtained.

It was decided to start an operational consortium straight away for soya, as most of the shareholders had interests in this particular product.

Experts were employed at enormous cost - they were the best in the business. These experts prepared the ground for trading operations and it

was only on the 21 December that the first real trading operation took place.

The Soya Consortium

The soya consortium works as follows: co-operatives offer guarantees for the consortium, which is legally a company jointly owned by EXIMCOOP and the share-holding co-operatives. In this way, they work together; the trading company does not have the capital to back the guarantees, but the shareholders do.

Profits are calculated through "transparency assessment" and are distributed between the participating co-operatives of each business, according to the percentage of their guarantees.

EXIMCOOP operates with a subsidiary company called GRAINCOOP, which is based in CURACAO. Risks are very small because all business is carried out with the practice of hedging.

EXIMCOOP	1991	1992	1993
Gross sales (US\$ 1,000)	7,611	32,576	70,000
Cash profits	240	3,116	
Physical volume (tons)	62,112	254,909	
Storage etc. (US\$ 1,000)	473	605	
GRAINCOOP			
Gross sales	19,588	20,296	60,000
Physical volume (tons)	171,000	490,000	

EXIMCOOP will need to be efficient and competitive to survive in the market.

Restructuring of JA Agricultural Co-operatives

by Fumiaki Aruga*



Characteristics of JA-Group Diverse activities

As JA-Group is unique within the agricultural movement, both in the activities in which it engages and in its structural setup, some little introductory comments about its features and the reasons for restructuring may be helpful.

Needless to say, a farmer is simultaneously a producer and a consumer/resident. Therefore JA, at its primary level, provides multiple co-operative services in an effort to meet all the farmers' needs.

To meet the needs of producers, JA activities are organised along the following lines:

- i advice on farm planning;
- ii supply of farm inputs, with shares ranging from 45 to 90% depending on commodity;
- iii agricultural marketing, with shares ranging from 40 to 98%;
- iv insurance against unforeseen circumstances: again the single largest insurance business in the country;
- v supply of day-to-day necessities, both through traditional joint group purchasing and via co-operative shops, including seventeen hundred A-Coop chain stores;

* Mr Aruga (left) spoke on behalf of Yoshiharu Sato (right), President of JA-ZENCHU, Japan.

vi education and information activities, including a monthly magazine with sales of a million copies and a daily paper selling half a million copies; culture activities, tourism.

If I may elaborate a little bit more, life on a farm entails much more than pure economics. Health care is one of many considerations, to take but one example. The JA runs 115 hospitals throughout the country, which are used not only by member families but by rural inhabitants in general. In the USA, I am told that Medical co-operatives are just beginning to develop. This has been one of the JA traditional activities.

Twenty percent of rural Japan's population is over sixty five. Because of this, the time has now come for JAs to further expand welfare programmes for the elderly such as providing assistance to those remaining at home and running residential homes and daycare facilities. What is being pursued, therefore, under the concept of 'économie sociale' in France, for example, is also being tackled by JA-Group.

As has been seen, the agricultural co-operatives do not confine themselves solely with marketing and supply in relation to a limited specific branch of agriculture. Our primary-level JAs are multi-purpose farmers' co-operatives.

Three-tier Structure

The second notable feature of JA-Group is that the primary co-operatives form non-business Unions and business Federations at the prefectural and national levels. JA-Group as a whole, therefore, is three-tiered.

Incidentally, these secondary and tertiary level Unions and Federations are established along different business lines, which is another special feature.

Why restructure now? Three challenges faced by agriculture and the co-operatives are:

Reestablishment of Agriculture

From the early 1970s Japanese agriculture began to be faced with the problem of over-supply for many of its products. It was also forced to liberalise imports due to trade surplus. Today, there are less restrictions on the import of farm produce into Japan than to most other countries, certainly less than in the USA and European Community.

The challenge which now faces us is to promote agriculture and to encourage more diverse farming activities, including production of high value products and environmentally friendly farming.

To help development in this direction, JA-Group considers it necessary to strengthen its role as the provider of services and advice to farmers within the regions.

Building Village Communities

Rural Japan lags far behind urban areas in that fewer roads are surfaced, the sewerage system is badly in need of improvement and access to public facilities such as hospitals is generally difficult. Furthermore, the proportion of elderly people within the community is increasing at twice the rate of

that within the urban population, thus allowing rural communities less time to establish the facilities necessary for them.

As the environment in which rural people live needs to be improved, JA-Group considers it its task to promote the building of comfortable housing and to make JAs centres which promote better standards of living.

Reestablishment of JA

In order for JA to respond to the challenges described above, it is necessary to strengthen the organisation and performance of the JAs themselves.

Outline of JA Restructuring

The restructuring of the JA-Group is one of the top policy agenda adopted by the All-Nation Convention of Agricultural Co-operatives in 1991, the main theme of which was 'Agricultural Co-operatives: Challenge and Renovation towards the 21st Century'. The Restructuring Scheme consists of two main points:

Amalgamation of Unit JAs

The primary level agricultural co-operatives numbered 12,000 in 1960, reduced by amalgamation to some 3,000 by March 1993. This means we now have an average of one JA in each local municipality.

The Restructuring Scheme will further reduce this to 1,000 by the year 2000. When that is achieved, each JA Unit should have increased its membership from today's average of 1,500 to about 5,000. Some will have more than 60,000 members.

Three-tier to Two-tier System

As previously stated, JA-Group is characterised by its three-tier system. However, when the primaries increase in size they are likely to be able to take up at least some of the functions so far provided by the prefectural federations. It is logical, therefore, that the prefectural and national level organisations should consolidate, thus resulting in a two-tier structure of organisation, with a two-tier business system.

This means that, although past reorganisation was centred around merger between the primaries, in other words, horizontal integration, the stage is now set for vertical integration.

This is inevitable as the JA-Group, as a whole, will have to reduce its costs in order to maintain a competitive position now that deregulation and rationalisation are prevailing within the Japanese economy.

Legal Framework for Restructuring

As the JA-Group begins the process of restructuring, a new legal framework is necessary. This is already being obtained:

Alterations in the Law

In promoting the amalgamation of primaries, the single largest hindrance has been 'long-term frozen assets such as loans'. A new legal provision has been made, which now allows JAs and their federations to claim a tax credit for contributions made to a special fund which is being set up for the purpose of depreciating or liquidating frozen

loans.

The extended law also provides for the transference of business, which may take place in various cases e.g. between the primary and federation.

Law for Agricultural Co-op

The Law for Agricultural Co-operatives was also revised to help JAs solidify their management and control system as they get bigger in size. The revisions include:

- i making the board of directors a statutory institution;
- ii making the institution of representative board members a legal obligation;
- iii increasing the proportion of seats on the board elected from non-members;
- iv allowing individuals to be both employee and board member at the same time.

Summary

JA-Group has been engaged in co-operative activities to meet the professional and domestic needs of its members by organising what are, by international standards, meagre economies within its members' farms, the average size of which is only one hectare. Thanks to many years of campaigning to increase share capital contribution,

JAs have an average of some ¥140,000 paid-in shares per member. Besides this, JA members have deposited savings with the organisation. These could be loaned internationally in exchange for interest, which is another strong point of being a multi-purpose operation. Thus, we have not as yet faced too serious a problem in capital procurement, one of the issues to be discussed in the forthcoming review of Principles.

However, we do find ourselves facing increasingly severe market competition regarding both deregulated financial business and rationalised distribution.

Furthermore, the problems of poor standards of living and an aging population in rural areas, while not falling within the traditional role of JAs, are still faced by co-operative members and rural inhabitants, and are not going to go away. For this reason, it is considered necessary for JAs to do something to help solve them.

JA-Group must start by strengthening its own organisations so as to be able to survive the competition, and to respond to new challenges of more social nature. That is what our restructuring is intended to achieve. It is our challenge as we approach the next century.

New Forms of Finance for Agricultural Co-operatives

by Jacques Picard*

French Agricultural Co-ops

Co-operative enterprises currently represent a major element of the French agro-alimentary economy. The current economic impact of agricultural co-operatives is outlined below:

- Their combined annual turnover is 400 billion Francs (including subsidiaries).
- They comprise 3,800 industrial and commercial enterprises (co-operatives, unions and SICA) and 12,000 service co-operatives.
- They provide employment for 100,000 staff.
- They work on behalf of one million agricultural operations, or 9 out of 10 agricultural operations.

Co-operatives are present right across the country and in all economic functions.

- Co-operatives exist both upstream and downstream of agricultural operations.

Upstream of agriculture: Historically, the oldest co-operatives are



those that supply products needed for agricultural production (fertiliser, animal feedstuffs, plant protection, seeds, machinery, etc). Service co-operatives also operate upstream: CUMA (breeding and artificial insemination co-operatives).

Downstream, products produced by agricultural operations are distributed by various storage, marketing and processing co-operatives that have developed in the different agricultural production sectors (cereals, fruit and vegetables, milk, meat, wine, etc).

- A distinction is also made between co-operatives that specialise in a particular activity and polyvalent co-operatives.

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Polyvalent co-operatives combine two or more activities (especially cereals / supply).

These co-operatives, which are often of a scale which covers one or even several *départements*, play an important role in influencing what their members produce, and thus in the development of regional agriculture.

Co-operative Groups

In order to respond to the needs of their members in an economic environment where international competition is intensifying, co-operatives are setting up new legal structures. These have many implications, and often result in the creation of complex "co-operative groups", with the creation of unions of co-operatives, of subsidiaries which are owned jointly with industrial partners and which take the form of SARL or SICA limited liability companies.

These groups are active both upstream and downstream of agricultural production. They are to be found in the seeds sector, as well as in milling, malting, milk processing plants (butter, milk, powdered milk, but also frozen products and high-tech products), in fruit and vegetable conserving, abattoirs and meat processing (beef, pork, chicken, lamb, etc).

These activities, which have developed through increasingly diversified co-operative structures, call for very substantial financing.

There are several factors behind the high financial requirements of the agro-

alimentary sector and, in particular, of agricultural co-operatives: investment in heavy equipment, high exposure to technological developments, commitment to research and development work relating to new products to meet consumer expectations, the search for new markets, publicity campaigns, etc.

The influence of major distribution systems, reflected in downward pressure on prices and longer payment terms, further increases the working capital requirement for these enterprises. Likewise, the CAP reforms also have major financial implications, especially for the storage and processing sectors.

These needs are not always met by traditional sources of finance, and the CFCA has worked hard to improve existing financial tools and to create new ones.

The Law of 3rd January 1991 on co-operative bodies aimed to improve financing conditions for agricultural co-operatives. We will outline its principle innovations below.

Traditional Methods of Finance

Since this report is about new forms of finance, I shall not discuss at great length the traditional forms of finance available to co-operatives. A few words are necessary, however, in order to underline the nature of the changes.

Capital stock

The fall-off in the number of members of agricultural co-operatives, a direct consequence of the decline in numbers of the agricultural population, is not

conducive to the setting up of capital stock, or even increasing capital stock, for agricultural co-operatives.

This trend towards a certain level of "unpopularity" of capital stock is not necessarily irreversible, and it could be countered by an incentive policy: better returns on capital, combining payment of interest on shares and dividends for subsidiaries of co-operatives and/or revaluation of shares.

Interest on shares

Before the Law of 3rd January 1991 was passed, shareholders could not receive interest of more than 6%. The Law of 3rd January 1991 changed this fixed rate to a variable index, the legal rate of interest being determined each year. This made the system more flexible.

Reference to a legal rate was repealed by the Law of 13th July 1992 on the modernisation of co-operative enterprises, which replaced it with the average rate of return for private companies' liabilities.

This rate of interest is published at six-monthly intervals by the ministry responsible for the economy. For the first half of 1993, the rate was 7.88% (Journal Officiel dated 7th July 1993).

Revaluation of shares

Revaluation of shares, which has been permitted since the Law of 27th June 1972 was passed, enables enterprises to offset the effects of monetary erosion on shares that were issued on different dates.

During periods of high inflation, the principle of reimbursement of shares at face value can appear unjust. The

legislative body has therefore left open for those co-operatives that wish to take it up the option of revaluing their share capital with reference to the barometer of life annuities.

We would stress that this does not totally correct the real effects of monetary depreciation. To implement this operation, co-operatives can use their unapplied reserves, including the revaluation provision on the balance sheet.

Some co-operatives regularly make use of this facility so as not to penalise their producers. However, opinion is divided on the benefits of this method, which tends to increase the burden of interest to be paid by the co-operative and to increase the amount of capital to be repaid in the event of a member leaving the co-operative.

New members

In a conventional company, the material representation of rights of entry is manifested in the form of share premiums paid by new shareholders, which increase the company's share capital. The purpose of share premiums is to place old shareholders and new shareholders on an equal footing with respect to the company's reserves.

Since the reserves in a co-operative are indivisible, the problem is different. Rights of entry are still tolerated where the entry of a new member means that the co-operative has to make new investments.

Reserves

Reserves represent a privileged means of finance for co-operatives. In con-

trast to share capital, reserves are never paid back.

Reserves are formed following a decision taken by the Annual General Meeting at the time of declaring the result.

Some reserves are of a mandatory nature (legal reserve, reserves for operations with non-associated third parties) and the meeting has to approve them.

With respect to the non-mandatory reserves, and given the low levels of agricultural income, shareholders often hesitate to allocate too much of their co-operative's result to reserves, particularly as the shareholders have no access to reserves unless they are capitalised. However, as we have seen, incorporating reserves into the share capital of a co-operative is limited in accordance with life annuities, which is poor compensation when viewed against monetary erosion.

Grants

In France, there has in recent years been an acceleration in the reduction in state credits to encourage investment in the agro-alimentary sector.

As things stand at the moment, these national subsidies no longer meet the needs of the enterprises. There are even fears that the reductions will mean that the Community grants which are available to the European agro-alimentary sector will be under-utilised by French enterprises.

Provisions

In order to retain a minimum profit level in the enterprise, and in the inter-

ests of economic prudence, the boards of co-operatives often decide to set up provisions. These can be subsequently used, for example, to renew assets, or for statutory interest during a subsequent financial period, or for dividends, etc.

Capitalisation of dividends and interest

In order to avoid exhausting the funds of their co-operatives, annual general meetings sometimes decide to capitalise the dividends and share interest that they have decided to pay out.

This practice is widespread. Its only drawback is on the tax front; the shareholders have to pay income tax on the dividends and interest that are capitalised.

Another option is to decide to pay out dividends and share interest, but to retain the funds in a current account for a limited period of time. In this instance, the shareholders' current accounts do not count as their own funds, but as medium or long-term debts to the co-operative.

Bank loans

Bank loans have diversified a great deal in recent years. Alongside traditional short-term and medium-term loans we now have spot credits, currency loans, etc. The range of loans available will continue to diversify.

In addition, the trend towards cutting out bank mediation has enabled new formulas to be set up by organising face to face meetings between enterprises. This has led, for example, to the

creation of treasury papers (on the lines of the "commercial papers" used in the United States), and these have been fairly widely used by co-operatives.

However, relying on bank loans has its limitations. Bank loans incur finance charges, which are a burden on co-operatives' operating overheads, reducing their profits and thus reducing their self-financing capabilities. Inflation has for a long time masked the problem by lightening the real financial burden, but the reduction in the rate of inflation means that the full impact of the finance charges is now being felt.

New Methods of Finance

Agricultural co-operatives can use the following financial tools to back up their own financial resources or their medium-term or long-term debts: equity shares, co-operative investment certificates, bonds.

Equity shares

The Law of 12th July 1985 opened up the possibility for agricultural co-operatives of issuing equity shares in order to improve their own financial resources. Shares of this type represent a debt of lowest order for the issuing company, so they are categorised in the enterprise's own funds, but with the proviso that the owners do not have voting rights so they do not change the power structure within the enterprise. In effect, these count as a security that falls somewhere between a share and a bond.

The only event in which reimbursement is made is if the issuing company goes into liquidation or, at the compa-

ny's discretion, during the lifetime of the company (given that any such reimbursement cannot be made before a period of seven years from the date of issue has passed).

These measures enable the company in question to have the funds that this generates available for as long as it wants, with the decision about any scheduled reimbursement being its only obligation.

Remuneration consists of a fixed element and a variable element. The fixed element must represent at least 60% of the nominal value of the shares. The fixed element may act as a reference to a variable rate, such as the Verage Liability Rate, whereas the variable element is calculated on elements relating to the issuing company's activities or results, as shown in the annual accounts.

The objective of an agricultural co-operative issuing equity shares is thus to increase the enterprise's share capital by a fairly significant amount, thereby increasing its borrowing potential without having to call on existing members to increase the share capital.

I would stress that it is important for a co-operative issuing this type of share to maintain the level of its results. If they fail to do so, existing members will not be pleased to see the value of their returns diminished due to excessive financial charges arising from the remuneration of equity shares. However, the fact that there is a variable element on the return ensures that any interest paid out will, at least in part, be dependent on the financial performance of the co-operative.

Eight years after the Law was passed, we can also benefit from a certain amount of hindsight with respect to the use that has been made by agricultural co-operatives of this new financial tool.

Some co-operatives have issued equity shares which can only be bought by their existing members or by savings organisations with which they have close links. Two large co-operatives, one of which (L'Union Laitière Normande) has experienced known difficulties, and the CANA (a large polyvalent co-operative in the west of France), raised 350 million Francs of capital on the financial markets and have registered these shares on the official register.

The experiences of co-operatives in using equity shares to increase their own share capital thus shows that it has both positive and negative effects. On the downside, there have only been a limited number of issues (less than half a dozen), there has been limited interest by the financial markets in a tool that is relatively unknown and deemed to be too complex, the amounts of the issues have been too low to interest institutional investors who normally purchase this type of financial product, and there have been difficulties in stimulating the market and in maintaining rates under difficult economic conditions.

However, we should not forget that the experience of these enterprises, and particularly of those who have entered the financial markets, has positive elements in terms of reputation and image, as well as in simple financial terms.

The difficulties experienced by the ULN, which I mentioned earlier, had little to do with the issuing of equity shares, which they did in 1987 and 1988.

Investment Certificates

Co-operative investment certificates (known as CCIs in France) are bonds that are included in the capital, giving the bond holders a pecuniary right on the results and a right to the company's assets, although they do not bestow any voting rights.

The Law of 3rd January 1991 on co-operative bodies stipulates that the successive issuing of CCIs must not represent a cumulative total of more than 50% of the capital stock of the co-operative. This is to prevent a situation where holders of CCI bonds own more than half of the net assets, to the detriment of the co-operative and its members. Where an agricultural co-operative issues CCIs, the proportion of the co-operative's results that correspond to the proportion of the capital stock made up by CCIs will be subject to corporation tax.

Bonds

The Law of 3rd January 1991 gave back to agricultural co-operatives the option of issuing bonds (a right which had been taken away from them under the Law of 24th July 1966, which restricted the issuing of bonds to limited companies).

This is an interesting provision, even if, given the specific nature of their status, co-operatives are unable to benefit from all of the innovations that

have since appeared on the bonds market.

New Associates

Non-co-operative associates

The provisions of the Law of 3rd January 1991 enable new categories of non-co-operative associates to bring capital into the business without affecting the co-operative character of the company:

- Employees of the co-operative, its subsidiaries and agricultural co-operative bodies of which it is a member. The Law of 1972 (Article L.522-3 of the rural code) had already made provision for employees of the agricultural co-operative, but the text was both too broad and too restrictive, because when a co-operative had to transfer part of its activities (and thus some of its staff) to a SICA or to a commercial subsidiary company, the employees who were previously employed by the co-operative could no longer count as non-co-op associates.

Now that the concept of co-operative groups has been established, employees of the co-operative group can be non-co-operative associates of the parent co-operative.

- Credit organisations and their subsidiaries, aiming to take a shareholding.

Previously, only the *Caisse nationale de crédit* and its subsidiaries could buy shares. The mutualisation of the *Caisse nationale de crédit agricole* and the considerable growth of finance companies no longer justified differential treatment for the *crédit agricole*.

- Investment funds of a company set up by its employees.

This is a very interesting development, and most co-operatives are receptive to it. This measure is intended to enable a savings fund set up by the employees of a co-operative to invest in the co-operative.

Bearers of preferential shares

Preferential share were created under the Law of 13th July 1992, thus modernising the cooperation status.

These shares are purchased at their face value, and may be purchased by co-operative associates and non-co-operative associates. They are freely negotiable between associates; in other words, they are freely redeemable, the only formalities being those needed for transfers from one account to another.

The specific advantages of this type of share are defined by law in accordance with co-operative principles. In the absence of any more precise definition, it seems that one advantage may be that they attract a higher rate of interest than shares issued on entering or setting up the co-operative.

At a practical level, these provisions should encourage members to invest in their co-operatives by making the return over and above the normal shareholding more attractive.

Finance for Subsidiaries

General overview

The scenario where a base co-operative holds shares in subsidiaries in the

form of SICA (*société d'intérêt collectif agricole*) or in commercial companies, either directly or through a union with other bodies, is still widespread.

In such cases, where it becomes necessary to increase the capital of the subsidiary, the co-operative may itself acquire the new shares if it has sufficient funds to do so, or it may encourage finance establishments to invest both in the co-operative and the subsidiary, the resultant increase in the co-operative's own capital enabling it to maintain or even increase its stake in the subsidiary's capital.

The Law of 3rd January 1991 facilitates these measures in that it enables finance establishments to become non-co-operative associates.

In most cases, these operations are shareholding operations with an undertaking to withdraw after five or six years, and with the co-operative retaining an option on the shares.

The holding company system

Increasingly, co-operative groups of a certain size are structuring themselves around holding companies which simply coordinate their shareholdings in various subsidiaries.

Under this new system, co-operative groups have set up a parent organisational structure for industrial and commercial activities upstream of the formation of holding companies and sub-holding companies which control the capital of subsidiaries and which hold minority stakes in other companies.

The parent co-operative thus holds all the shares, directly or indirectly, in the downstream companies that process and market the products produced by the co-operative, in terms of an agro-alimentary holding company that generally takes the form of a limited liability company.

This scenario can be rendered more complex by the creation of sub-holding companies for each sector of activity, the objective being to group together all the downstream companies working in the same field. These sector-specific sub-holding companies, which are financed by dividends from the subsidiaries, can then re-invest in the co-operative as a whole, thus offering considerable flexibility.

The upstream activities (supply) and the service activities are still performed directly by the co-operative, or they may be delegated to companies that are directly controlled by the co-operative.

By making a clear distinction between upstream activities and downstream activities, investment by financial partners can be at any of the group's three organisational levels (parent body, holding company and subsidiaries) in order to reflect their specific natures:

- The parent body (coop or union) often has significant financial needs in order to back up its own capital with securities which are reimbursable but which attract no value-plus. At this level, financial partners may become involved as non-co-operative associates.



Co-operative investment in French rural environment.

- The holding company has significant financial needs for its subsidiaries, and may appeal for external capital from finance organisations of its choice with no legal restriction, offering them remuneration and, if necessary, an opt-out.
- Finally, the industrial or commercial subsidiaries are of great interest to investors where the enterprise is of sufficient size and profitability to anticipate floatation on the stock exchange, the anticipated returns being significant.

Common law subsidiaries may obviously use all classical means of attracting finance (rights issues, for example) and of accessing the financial markets.

By way of example, we will cite the case of Vilmorin, which is a subsidiary of the Limagrain co-operative and is the leading European seed manufacturer. It will be floated on the Paris exchange in the autumn.

Financial partners are also able to select the sector of activity which they wish to finance, without contributing to the results of the group as a whole.

To our minds, this is not a question of setting up multiple levels of holding companies aiming to raise capital, but rather to organise the development of a group in a rational manner around a "parent co-operative" which retains control.

In co-operative groups which operate with a holding company, the co-operative remains the key element of the group. However, it is not the hub of commercial, technical and financial activity. It is the owning body of the group, and thus manages the cash flow of the subsidiaries.

Conclusion

Over the last ten years, there have been considerable developments in the financing of agricultural co-operatives. Alongside self-financing and traditional bank loans, there now exist far more sophisticated tools and techniques which ultimately provide access to the financial markets. However, there are fairly significant fiscal implications, which may limit their usage.

We have not yet reached the limits of creative thinking in this field, and agricultural co-operatives, in common with other companies, continue to seek to optimise their finances by using increasingly sophisticated procedures: management of interest rates and the use of different means of cover (SWAP, options on SWAP, CAP, options on

CAP, FLOOR, TUNNEL, etc), consideration of new products that may interest the relevant financial markets (Agri Epargne, agricultural company savings plans, interest-bearing current accounts, etc).

As a general rule, the solutions that the enterprises find to their finance problems have a determining effect on their future and on their control. Agricultural co-operatives are as susceptible to this rule as any other company. Will these new means, these new legislative tools, enable agricultural producers to remain masters of their own destiny?

The answer will depend largely on the cohesion of the co-operative enterprise, on the quality and depth of the links between the co-operative and its members. A constant commitment to information exchange and to training will enable co-operatives to develop their capital stock, their self financing capabilities, which, in conjunction with access to external sources of capital, will safeguard the future of co-operatives and ensure that their control remains in the hands of their shareholders.

The Co-operative Bank's Ethical Stance

by Terry Thomas*

Basic Co-operative Values

The worldwide co-operative movement has been engaged in reviewing its historical basic co-operative values and principals and considering their relevance to different co-operative sectors of economic activity, both now and in the future.

We have already enjoyed the benefit of the research conducted by Sven Åke Book on these subjects and now the torch has been picked up by Ian MacPherson, who is charged with the responsibility of reporting back to the 1995 Congress in Manchester with his conclusions and recommendations.

I do hope that every co-operative, and every sector of co-operative activity, has been giving serious thought to these issues as they have, do, and will affect their particular position in the market place.

If they have not, then they still have a year or so to pick up the challenge, otherwise we shall all be the poorer through not having received the bene-



fit of their experience, and they will also be the poorer for not reconsidering the basic values of co-operation as they affect, or could beneficially affect, their businesses.

As it happens, this request from the International Co-operative Alliance coincided with a fundamental Research Programme which we, the Co-operative Bank of Great Britain, commissioned in 1988.

However, before moving to the next stage of my presentation, let me make it clear that, unless your co-operative has already and successfully addressed itself to the classical marketing issues of product, price, place and distribution, the basic co-operative values are redundant, since, in the modern world, we cannot expect business just because

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we are a co-operative: we must first of all ensure that we have the right product, in the right place and time, at an acceptable price, supported by appropriate promotional activity. What every sole trader, small and medium sized enterprise, national and international company and, hopefully, every co-operative enterprise is also looking for is a clear differentiation from competitors, ideally a sustainable differentiation.

Revised Mission Statement

As I was saying, in 1988, we decided to review our mission statement. We were fortunate, since we not only had our own history since 1872 to consider and the history of the British co-operative movement since 1844 to embrace, but the writings of such gurus as Robert Owen (1781 to 1858) whom we regard as the founder of the Co-operative Movement.

Examination of the copies of the mission statement, produced by a mix of senior management, reveals an opening paragraph in relation to innovation and profits which could have been written for almost any bank. However, this is followed by eight principles or basic values related to socially desirable activity. So what this mission statement is saying, in the most simplistic of terms, is that we are here as a co-operative bank to make a profit adequate enough to at least fund our expansion programme. However, as we are doing that, we must operate within the parameters of the eight principles listed and, accordingly, we must be acting in a socially desirable man-

ner and, as bankers, we shall seek out funding opportunities, the end purpose of which is by definition socially desirable.

So, as you will hear later, we are inevitably forced to announce with whom we will, and with whom we will not, do business, quite apart from whether or not such activity would generate profits for the bank.

Positioning Statement

As a result of introducing the clear, bold and co-operative mission statement embracing, as it does, our co-operative basic values and ensuring through our annual appraisal system that this approach to business is being practised in the marketplace, all kinds of new initiatives were generated within the bank: from winning a national training award for our quality training programme, through to a customer charter which broke the mould of custom and practice in the marketplace and which was, and remains, beneficial to our customers. In fact, this different approach to the market has already won us some half a dozen national awards and countless thousands of favourable column inches in the newspapers and the equivalent time bites on television.

But how, you might ask, were we able to draw this advantage from our mission statement and basic co-operative values? It was only at this stage, and some four years later, that we put this question to our advertising agency and gave them not only our mission statement but a positioning statement of

how we saw ourselves in the marketplace. Meanwhile, for three years, we had been engaged in an enormous research programme, asking more than 30,000 of our customers their views on the importance of ethics in banking, what our position was, and what they thought about ethical issues in terms of people, animals and the environment.

Our previous ethical position had, in the main, been built up by custom and practice over a hundred years and more, by resolutions of our board or that of our parent company, U.K. Co-operative Congress or meetings of the ICA Congress. But those ethical rules remained unpublished, and were only something our employees picked up over time.

The product of that massive research became available early in 1992 and was published in May 1992 as the bank's 'Ethical Policy'. No other British bank has ever published an ethical stance, and our publication was regarded as sensational by the media: with front page headlines, significant in-depth articles in the business papers and magazines, and several minutes of analysis on every television station.

Advertising

The advertising agency came forward with a very dynamic, bold and imaginative series of advertisements for television and the newspapers around the theme of what the co-operative does not do, placing the responsibility on competitors to admit they did do these things or follow us with their own ethical stance.

Results

Although we did not mention a single bank service, and taking into account my earlier remarks about the need for the classical marketing mix of product, place, price and promotion, we have experienced an enormous growth in our deposit base in both corporate and personal sectors. Secondly, awareness of our co-operative bank and the general perception of our bank has significantly improved, however you measure that perception.

The Next Phase

The next phase of our programme is to return to research and, through the actual or potential customers in our target market and major charities (who are also concerned with some or all of our ethical issues), develop and expand our ethical stance.

No competitor bank has as yet been able to respond to our challenge and, when we have completed the second stage of our research programme, it will be very difficult for anyone to deny us the high ground on this issue.

We believe that we have identified a real differentiation from our competitors, and the evidence to date is that it will remain a sustainable differentiation and all we are doing is advertising basic co-operative values, updated to reflect the modern world and the needs of society and communities today.

Product Ethics

Looking to the future, we shall be examining ways in which each financial service can be related back to our ethi-

cal stance: e.g. the link between the R.S.P.B. and our Visa affinity card.

In simplistic terms, we see our ethical stance as our heavy artillery, disrupting and distracting our competitors, with ethically sound services as our tanks able to capture market share through being appropriate in terms of the product, the price, the place and supporting promotion, and with our employees being the foot soldiers who follow behind this campaign and ensure a high quality after-sales service to enable us to retain the business so captured.

Relevance and Wider Application

What we have rediscovered is that the strength and longevity of the philosophy, ethos, principles and basic values of co-operation are as relevant today as they were 150 years ago.

They are relevant in business terms and membership terms. Why do we not take them more seriously and open up a trading advantage which our competitors will find impossible or very difficult to counter?

Mission Statement

The Co-operative Bank Group will continue to develop a successful and innovative financial institution by providing its customers with high quality financial and related services whilst promoting the underlying principles of co-operation which are...

1. Quality and Excellence

To offer all our customers consistent high quality and good value services and strive for excellence in all that we do.

2. Participation

To introduce and promote the concept of full participation by welcoming the views and concerns of our customers and by encouraging our staff to take an active role within the local community.

3. Freedom of Association

To be non-partisan in all social, political, racial and religious matters.

4. Education and Training

To act as a caring and responsible employer, encouraging the development and training of all our staff and encouraging commitment and pride in each other and in the Group.

5. Co-operation

To develop a close affinity with organisations which promote fellowship between workers, customers, members and employers.

6. Quality of Life

To be a responsible member of society by promoting an environment where the needs of local communities can be met now and in the future.

7. Retentions

To manage the business effectively and efficiently, attracting investment and maintaining sufficient surplus funds within the business to ensure the continued development of the Group.

8. Integrity

To act at all times with honesty and integrity and within legislative and regulatory requirements.

Positioning Statement

The Co-operative Bank is a different kind of bank, committed to an alternative, socially responsible approach to

the provision of banking services. We aim to achieve this by ensuring that we are both responsible and conscientious in regard to where our money comes from and what we do with it.

Our Ethical Policy

The Bank's position is that:

1. It will not invest in or supply financial services to any regime or organisation which oppresses the human spirit, takes away the rights of individuals or manufactures any instrument of torture.
 2. It will not finance or in any way facilitate the manufacture or sale of weapons to any country which has an oppressive regime.
 3. It will encourage business customers to take a proactive stance on the environmental impact of their own activities.
 4. It will actively seek out individuals, commercial enterprises and non-commercial organisations which have a complementary ethical stance.
 5. It will not speculate against the pound using either its own money or that of its customers. It believes it is inappropriate for a British clearing bank to speculate against the British currency and the British economy using deposits provided by their British customers and at the expense of the British tax payer.
 6. It will try to ensure its financial services are not exploited for the purposes of money laundering, drug trafficking or tax evasion by the continued application and development of its successful internal monitoring and control procedures.
 7. It will not provide financial services to tobacco product manufacturers.
 8. It will continue to extend and strengthen new standards of banking practice through adopting innovative procedures on status enquiries and customer confidentiality ahead of any other British bank.
 9. It will not invest in any business involved in animal experimentation for cosmetic purposes.
 10. It will not support any person or company using exploitative factory farming methods.
 11. It will not engage in business with any farm or other organisation engaged in the production of animal fur.
 12. It will not support any organisation involved in blood sports, which it defines as sports which involve the training of animals or birds to catch and destroy, or to fight and kill, other animals or birds.
- We will regularly reappraise customers' views on these and other issues and develop our ethical stance accordingly.

Innovation in Economic Development and Job Creation

by Claude Bélard*

The Province of Québec is a nation of some seven million people distributed over a territory three times as large as France and forty times the size of Switzerland. This territory is divided into over 1,500 municipalities. Its economy is generating a Gross Domestic Product of some 160 billion Canadian dollars, which gives its population a standard of living comparable to that of people living in Austria, Belgium and the Netherlands. In terms of GDP, Québec comes eleventh among OECD countries. Finally, within the North American demographic environment comprising some 300 million English-speaking persons, French is the language of 80% of Québec's people.

A Major Financial Network

Over the years, the men and women of Québec have built a full-fledged financial institution called the Mouvement des caisses Desjardins which has been for some time, throughout Québec, a major network of financial institutions responding to the financial needs of the Province's various economic agents. It also is a modern dynamic co-



operative organisation whose mission is to contribute to the economic and social well-being of individuals and communities.

Today, 93 years after the first *caisse populaire* was founded by Alphonse Desjardins, more than 4,500,000 persons are members of the 1,325 local *caisses populaires* or credit unions, linked together by a direct-access data processing system. The local Desjardins *caisse* is the lone financial institution in no less than 675 towns in Québec.

The *caisses* are regrouped into federations which, in turn, have set up a Confederation whose role mainly consists in orientation and coordination functions, as well as supervision of the activities and representation for the

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"Mouvement's" individual components. The federations and the Confederation have also set up a central finance facility and a security fund. Besides, three more federations of French-speaking caisses populaires in three other Canadian provinces, Ontario, Manitoba and New Brunswick, are affiliated with the Desjardins Confederation.

Finally, in addition to its savings and credit sectors, the network of Desjardins caisses owns and controls some 15 complementary corporations operating in the fields of insurance, trust services, industrial and commercial credit, investment, discount brokerage, transportation of securities and credit card services.

The Mouvement Desjardins is also involved in the development of savings and credit co-operatives in Latin America, the Caribbean, Africa, Asia as well as in Central and Eastern Europe.

As at December 31, 1992, the various components of the Mouvement des caisses Desjardins held combined assets of 56.5 billion Canadian dollars, which means that, over the years, the "Mouvement" has gained a most interesting share among the suppliers of financial services in Québec, now serving two-thirds of the province's population. We are actually ahead of all our competitors in each major savings and credit market in Québec. The province's leading financial institution and largest private employer, Desjardins can count on over 17,000 elected volunteer officers and 36,000 employees.

First of all, a Co-operative

The size and the continued growth of the Mouvement des caisses Desjardins did not result from chance or from an obsession with profits or power. Our progress and success were in fact due to the pride of people, to their confidence in themselves, and their strong social conscience, as well as to dedicated hard work. Then, if all these factors worked out well, it was because of the co-operative nature of the project laid out and initiated by Mr. Desjardins.

It is true that the savings and credit co-operative model defined by Mr. Desjardins at the end of the last century centred on one major concern: the gathering of everyone's savings so that they could be used for the development of each one of them, first in his community, then in his town or region, and eventually for the whole province of Québec. Solidarity and responsibility are, no doubt, basic features of Desjardins' conception of development.

That whole approach has guided the Mouvement des caisses Desjardins over the years towards projects supporting development for the people of Québec. This involvement, however, respected the true values of co-operation: liberty, autonomy, self-help, responsibility, etc. and was staged in continued collaboration with the community. As a matter of fact, Desjardins did not get involved in a continued process of development in order to implement its own solutions, or even to implement ready-made solutions. The Mouvement did not ask govern-

ments for help or encourage people to make claims in all regards. What the Mouvement did, rather was to get together with the community's actors and to help them take control of their affairs, to look for solutions with them and to support them in their concrete actions to ensure development.

A Changing Society

I firmly believe that today, as our environment is deeply changing and the rules of the game are evolving at a fast pace, promoting responsibility and self-help among our fellow citizens is a natural attitude. As was said by French scientist Albert Jacquard, « *We are creating a new planet* ». Drastic transformations have been impacting on the dynamics of nations and on the world's economies. The communications revolution is also generating a never-before-experienced circulation of goods, capital and people.

Meanwhile, at the social and political levels, empires are crashing down and some new countries or national identities not yet heard of, or kept in the dark for a long time, have come to the fore. Developments of equal importance and magnitude have also been occurring in the area of technology.

But this globalisation of economies and markets definitely has negative impacts on an increasing number of individuals and territories. Efficiency, yield and performance figures have come to be the only yardsticks of development. Of course, you have to produce more and more and to improve on quality while guaranteeing the best price for your consumer, which will ensure that

you are able to compete in today's world economic context. But you must not forget that this model will generate a series of costs which many economists, still comfortable within their traditional theories and even trying to stretch these to the new-found planetary dimensions, tend to overlook: endemic unemployment, depopulated towns, youths migrating to larger centres, citizens growing dependent on State programmes and the ensuing degradation of the economy and environmental alterations, etc.

Of course, the economy is an important parameter for it will enable people to exchange goods and services. But the economy is no more than a means: it is not an end in itself. Up to a certain point, the economy is like a form of cancer, through which it is no longer serving humans, but humans themselves are serving the economy. You end up feeling that you are no longer living in a society, but in an economy!

Employment, a Key to our Future

We all know that the significant structural changes now taking place and the really tough competition among the most industrialised countries are leaving more and more persons without true opportunities. In Québec, for instance, unemployment figures are nearing 13%, representing some 450,000 individuals. In Canada, over 1,600,000 persons are unemployed, that is 11% of the country's labour force.

Yet, the high costs of unemployment have been much documented. For us in Québec the economic cost of unemployment, when measured as a loss of

output or national income caused by the underutilisation of human resources amounts to a full 20 or 25% of its GDP. And the economic costs are only the tip of the iceberg since they do not reflect the social costs of unemployment conveyed in the form of increased demands for health and welfare services due to stress, illness, alcohol abuse, crime...

Here in Europe, the problem of high and prolonged unemployment is growing and has been an issue among your populations. The member countries of the European Economic Community (EEC) are currently reporting 10% unemployment up from 3 to 5% in the early Seventies. This is fairly similar to our situation in Québec and Canada.

You cannot turn your back on such a trend and you must not accept it as a fact of modern life. This calls for alternatives, it calls for a new economic and social order, one offering a way up for a lot of individuals and regions, it calls for a new model of development, one making the most of the huge potential not yet tapped of local and regional economic activity. In a word, economies will only be prosperous if you build on local forces, be these human, financial, technical or natural, in order to create stable and durable jobs.

Employment, we must remember, actually is the lifeblood enabling a region and its population to develop. If Québec, just like several other so-called developed countries, is confronted with declining birth rates, environmental pollution and youth alienation, the employment issue is, I believe, para-

mount to all these problems. For employment is basic to one's security and, by way of consequence, to the opportunity one will be given to settle down and start a family, to get involved in the community's social and economic life and, eventually, to be involved in the development of society. Inasmuch as we are setting employment as a priority issue in economic development programmes, we must by all means encourage the creation of enterprises.

But for these enterprises to be sources of stable and durable jobs, their creation must not result from foreign initiatives or governmental decisions, but must result from the community's own desire and determination. That is what some specialists are now promoting when referring to "endogenous development". From within the cooperative world, what we can see in these instances is the principles of self-help and mutual aid being widely implemented.

Of course, the presence of natural, technological, financial and structural resources will play an important role but the community members, before everyone else, with their ideas, their will and their ability to use these resources in conjunction as a genuine tool for development, for themselves, are those who can in the long term guarantee the strength of the local, regional and national economy.

To support these statements, I would now like to report on three achievements in which the Mouvement des caisses Desjardins was closely involved

and inspired by the spirit and true values of cooperation: the Forum for Employment, the Qualité-Québec Project and the setting-up of regional investment corporations.

The Forum for Employment

The Forum for Employment is a wide collaboration table launched in 1989 in order to make everyone aware of the importance of employment. It is bringing together representatives from all the major socioeconomic partners of our society: employers' associations, unions, the cooperative movement, universities, municipal boards, youth associations, women's groups, cultural communities, etc. In that project, we choose not to include the upper levels of governments in order to make sure no one would turn the problem over to them and restate their traditional list of claims.

At our very first meeting, we did not really know how to address the issue. Our different views were exchanged by answering successively this simple question: "Do you feel responsible for the employment situation in our society?" Each one of us, cautiously staying behind the walls of his own field of activity, declined such a responsibility, pointing a finger at someone else, especially those who have political power. Shortly after, a new question came to our minds and on the agenda: "But how could our elected representatives ever solve this tough employment problem if we, the socioeconomic partners, are not ourselves concerned enough with this issue to start acting?" We then realised and agreed that em-

ployment was a shared responsibility. This exercise in partnership, in empowerment and job promotion has been a true success. Firstly, because the programme is still going on after close to four years and continues to bring together, within the national Forum and in regional Forums, the various socioeconomic agents. Secondly because beyond awareness and exchanges, the Forum has paved the way to revised attitudes and mentalities and has led to concrete actions and opened up on increasing numbers of local initiatives.

One regional concertation table, for instance, has produced a brochure entitled "Bâtis-ton-emploi" or Design Your Own Job intended for those seeking information on job training, job hunting, job creation and on-the-job training. This brochure gives information on private and public agencies in the region that may help people find jobs. Another example is an inventory of over 400 graduates of vocational training from the community and designed to help these youths to find a job. This publication included a photograph and a description of the qualifications of each graduate and was distributed to the region's major employers.

Elsewhere, some 40 employers made a joint commitment to maintain existing jobs, to encourage the hiring of local manpower and to prevent further obstacles by welcoming innovative insertion projects. Finally, the people of another region recently launched what they call a «Resource Exchange» which, by being accessible to the world of

education, will help its agents better inform the youths and adults on the realities of the workplace. The same agency had previously initiated a project to encourage the community in supporting the development of the entrepreneurship abilities and potential of their unemployed.

In short, these few examples taken from a long list of experiences are proof of the desire of the Forum for Employment to identify promising solutions to the employment problem, with the input and support of all interested socio-economic partners.

As you can appreciate, our Forum for Employment is based on the "Think globally, act locally" approach. This, in my mind, represents the most dynamic and most practical approach because, by making the people of all communities feel responsible for their own development, you will allow everyone there to make the most of their energy, of their creativity and dynamism and you will put all their talents at work. This is how you can help people become active taxpayers and consumers. For, in fact, when decisions are made and actions are directed from a few remote centres, the majority will become passive claimants whose talents and energy will be literally turned off. I am truly convinced that regional and local development calls for the dynamic, active involvement and for the combined efforts of individuals in their own communities.

Qualité-Québec

The men and women who are making Desjardins all see themselves as part of

the solution. We positively believe that we can make a difference with our daily actions, with our choices as citizens and consumers. You cannot expect or even hope that your factories will keep running if you're always buying imported goods. If we want our enterprises to produce and to gain access to wider markets, would you say that we should, at the very least, allow them to hold a strong share of our own markets? When quality is the same and prices are similar, why should we chose not to support our own enterprises?

With these concerns in mind, the Mouvement des caisses Desjardins, along with various socioeconomic partners (manufacturers' associations, unions, farmers' associations, cooperatives, etc.) initiated the campaign labelled «Qualité-Québec», an effort intended, from the very beginning, to get everyone acting together, be they consumers, manufacturers, distributors, social bodies, the media or governments, to create jobs and re-energise the economy of Québec.

Several surveys have showed that, over the course of one year, replacing \$1,000 worth per household of imported goods by products made in Québec would add up to 100,000 more jobs. In other words, reallocating under \$20 of our weekly budget would take unemployment figures down by 2% and would push economic growth up 3%.

Of course there will always be someone to argue that buy-at-home policies are self-centred gestures and are contrary to current trends towards world-

wide trade. We can respond however that our frontiers may be opened to international market without allowing our whole economic space to be invaded. I would even say that our opening does in fact call, more than ever before, for an ability to work more closely among us and to strengthen our enterprises, as well as the various sectors of our economy, so that they may gain enough energy to act as efficiently as possible in the new competitive marketplace. We must remember that other nations involved in the globalisation of trade have demonstrated that, namely Americans, Europeans, and the Japanese.

This economic gesture is a sound one, even more so since it is based on a voluntary, no-cost solidarity effort. In today's economic conditions, this initiative aiming at job creation is made more necessary by the fact that recovery has been weak and that governments and consumers are still much in debt, while enterprises are often denied any profit. Through *Qualité-Québec* all economic agents are encouraged not to spend more and get deeper in debt, or to pay no attention to the quality and the prices of goods, but rather to displace, in what they are already buying, imported goods by quality, competitively-priced products from Québec, with the sole purpose of helping to maintain or create jobs.

This project, I might add, goes along with the globalisation trend of markets and strong competition as it is emphasising the high quality of our products and developing a new strategy focussing on our own areas of

excellence: furniture, clothing, pharmaceutical goods, biotechnologies, transportation, bio-food products. The *Qualité-Québec* campaign, definitely, is not a self-centred gesture but rather an information campaign stressing the quality of goods made in Québec. At the same time, it is respecting the free choice of consumers, much to the pleasure of economists.

Regional Investment Corp.

Once again guided by our desire to educate people so that they will take their responsibilities and also to act in solidarity with the people of Québec, but this time in an area of operations much more familiar to us, the area of finance, we have been much enthused and truly proud to become a leading partner in the creation of the network of regional investment corporations (the RICs).

This is highly important for Québec. At a time when governments will be less and less able to play an active role in economic development, thanks to the regional investment corporations set up all across Québec, in all regions of the province, there will be someone to listen to, to help and to encourage the dynamism of business people, to foster the local and regional entrepreneurship. In the savings and credit cooperative model drawn by our founder Alphonse Desjardins, Man has always come first.

Regional investment corporations will, in some ways, represent the extension of that philosophy since people from each community will be responsible for analysing and supporting their region's dynamism.

The result of concerted efforts with three other Québec-based financial organizations, including one of our main competitors, RICs will grow, within two years, into a network of some twelve corporations operating with subscribed capital of some 90 million Canadian dollars.

These corporations will make investments ranging from \$50,000 to \$500,000 and, in addition to financial support, they will be actively involved in the strategic management of recipient enterprises.

The mandate of these corporations is clear: they must recruit intelligent, open-minded and aggressive entrepreneurs; they must identify those with good projects and who have shown firm management in their past endeavours. We will be there to help them turn their dreams and expectations into reality.

The objectives are clear too: first, the blossoming of a second generation of entrepreneurs who will be investing in human resource management as much as in marketing, so as to improve the ability of Québec goods to compete; second, enabling regions to achieve better development without solely relying on large centres.

Decentralising powers will help individual regions to achieve that and to create the jobs, and also to achieve sustainable prosperity. By way of consequence, in the long term, our investment corporations will help prevent the erosion of regions, a drain extremely costly in all respects. So, the RICs

should ensure improved complementarity between a strong metropolis and dynamic regions.

Local Development Initiatives

Finally, beyond these three national experiences in solidarity and concerted action, I would like to mention the involvement of our local caisses who have been constantly and continuously supporting high numbers of economic development and job creation projects.

These local experiences, often securing the financial support needed by industrial development groups or permitting the acquisition of community facilities, are not innovative actions as such or large enough to catch the eye of national media. These are no megaprojects but we can see in our regions that, at a time when populations are diminishing and, consequently, the social fabric is altered, numerous smaller achievements are making people proud of themselves and their communities.

A first achievement will often trigger a second one or simply the extension of the initial project and so on, all leading up to a process of continued local and regional initiatives.

This is what we, in Desjardins, are calling the small steps technique, under which what matters is not the length of the step but the fact that you are taking a first step, then another one, and so on. As you know, in a small community, creating 10, 15, 25, 50 or 100 jobs may be enough to keep the whole town alive.

Conclusion

The Forum for Employment, Qualité-Québec and the Regional investment corporations represent for us successful innovative experiences for economic development and job creation. And their success is not due as much to the contents of projects as to the actors themselves and to the efforts made, first, by the people of the community who are contributing their creativity, their dedication and their resources in

order to build a real lever for development, for themselves and their fellow citizens. In the process, they are strengthening the economy and helping create jobs.

In a word, these experiences are demonstrations of the sound and enlightening idea shared by our founder Alphonse Desjardins to the effect that *«the union for life offers more than the struggle for life»*.

The Co-operative Bank of Kenya

by Erastus K. Mureithi*

Kenya is primarily an agricultural country and about 80% of the population live and work in rural areas. Agriculture provides employment to nearly 70% of the nation's workforce. The sector also serves as the main source of raw materials for the expanding agro-industry and remains the largest source of foreign exchange.

The role of the Co-operative Movement in the Kenyan economy is evidenced by the fact that today the movement accounts for about 45% of Kenya's GDP, and about 50% of Kenya's total population is directly or indirectly associated with the Movement. The Movement has, in addition, continued to serve as a major means of bringing its members to a market economy through its established links in marketing, supply of inputs and consumer goods, savings and credit, housing, manufacturing, handicrafts, and transport.

A large number of people derive their livelihood from other employment such as Government or the private sector. Savings and Credit Co-operative

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Societies (SACCOS) have been formed by these employees in order to mobilise savings. Members are able to borrow from their accumulated funds banked with the Co-operative Bank of Kenya (CBK).

Over the years, co-operative societies have continued to bank with the commercial banks. These were happy to accept savings and deposits but laid down rigid lending conditions preventing members from borrowing. Hence the need for the CBK.

The Structure of the Movement

The Movement is composed of four levels: primary (Primary Co-operative Societies), secondary (District Co-operative Unions), tertiary (Country-wide Co-operatives), and apex organisations.

Primary Co-operative Societies are generally categorized according to their main lines of business - agricultural marketing and consumer.

Co-operative Unions are formed by primary societies usually on the basis of specific commodities. A district co-operative union is a union which caters for all the co-operative societies in a district.

Provision of different services such as accounting, transportation, purchasing of farm inputs and stationery, savings and credit facilities, education and training of employees and committee members has been centralised at the district co-operative unions. Gaining economies of scale has been the major impetus behind this centralisation.

Country-wide Co-operative Institutions act as the umbrella organisations which specialise in specific products or services. The Kenya National Federation of Co-operatives (KNFC) is an apex organisation to which other co-operative enterprises are affiliated. However, primary co-operative societies in areas where there are no co-operative unions are allowed to join KNFC, or countrywide co-operative organisations.

Ministry of Co-op Development

Although the Ministry of Co-operative Development does not form part of the formal structure it is, in reality, a principal player in the management of co-operatives. Its role is to ensure that the Co-operative Movement is devel-

oped according to co-operative principles and that it is properly managed. The Ministry justifies its intervention in co-operative management because it finances or guarantees loans and advances for some of the Movement's activities.

The Organisational Structure

In terms of its management the Bank, which is essentially a co-operative, is administered by annual and special general meetings, a board of directors, committees and sub-committees, and its own Management. Members of this administrative machinery are by and large drawn from the entire Co-operative Movement, which is a proof of the strong links between the Bank and other Co-operative institutions. The Bank also has connections with the financial sector, including the Central Bank of Kenya.

Links with the Movement

The Co-operative Bank of Kenya's aims and objectives are to 'mobilise financial resources from the Co-operative Movement and other sources so as to create funds for providing credit, technical know-how, and a range of other banking services to the co-operative sector in particular, and to the public in general'. The Bank generates funds to be utilized to the best advantage of co-operative members; to fund agricultural development in collaboration with other financial institutions; and to provide complete and efficient banking services for the benefit of its members and the public at large. The links which are directly derived from these aims and objectives are described below.

Shareholders and Policy-Makers

The Bank, which opened in 1968, is wholly owned by Co-operative Societies and Unions. It started with a share capital of only KShs. 225,000, but by June 1992 the share capital had risen to KShs. 183 million. This phenomenal growth is a reflection of the increasing support that the Bank has been getting from its shareholders. On its part, the Bank has been very keen on raising share capital both to finance its ever-expanding branch network and to ensure that it conducts its lending business without violating the relevant provisions of the 1985 Banking Act.

All registered Co-operative Societies, Co-operative Unions, and Country-wide Co-operative organisations are eligible to be members of the Bank. However, a co-operative must first accept the Bank's Bylaws and purchase the minimum shareholding laid down by these bylaws.

In accordance with the co-operative principles, the Bank's members have powers to decide on all the important matters concerning its operations. They are represented at the Bank's AGM, which is attended by district delegates.

However, day-to-day management is delegated to paid management, which derives its mandate and operation policies from the Board of Directors. The Board of Directors consists of 15 members, ten of whom are elected at the delegate's Annual General Meeting, and five Government nominees from the Ministries of Finance and Co-operative Development who have no

voting powers. The Managing Director, who is the Secretary to the Board, is appointed by the Board of Directors. Therefore, the control of the Bank continues to be in the hands of the members who own it.

Although the Bank began with a membership of only 191, it now has a total membership of 2,897 co-operative societies.

Co-operatives have been, and still continue to be, the Bank's main customers in two fronts: as sources of deposits and as customers for the Bank's loanable funds. Since its inception, the Bank has obtained more than two thirds of its deposits from the Co-operative Movement.

To meet its lending objectives the Bank relies partly on its own funds and partly on funds from Government and donor agencies. Over the years, the Bank has received a rapidly increasing amount of loanable funds, which means it is able to provide more credit to deserving co-operative customers.

Initially, the financing of production, processing, and marketing of agricultural crops dominated the Bank's lending activities. Later on the co-operatives diversified their activities, and the Bank's lending categories widened to include credit for other business and investment activities and personal loans. All the Bank's schemes are subject to availability of funds, are continuous and operate within the Bank's lending policy and also within the statutory requirements dictated by the Government.

The operation of the Co-operative Production Credit Scheme illustrates the unique link between the Bank and the Agricultural Marketing Co-operatives. Under this scheme the Bank provides credit to the Co-operatives to finance purchase of inputs as well as product processing, storage, packaging, transporting, and marketing. The marketing of the product is done through a Co-operative and/or a marketing board. Farmers are paid for their products through a co-operative organisation. Each farmer is issued with a passbook which is used to withdraw money from the District Co-operative Unions. The farmers only withdraw the amount of money that will meet their current financial needs. The rest is saved. This payment system has led to development of Co-operative Union Banking Sections (UBSs). The UBSs, which are gradually being converted into Rural SACCOs, in turn deposit the farmers' savings into the Co-op Bank. The Bank is then able to extend credit to the farmers through the Co-operative Societies. This arrangement has contributed immensely to Kenya's socioeconomic development.

The Bank plays a similar role as far as the operations of urban SACCOs are concerned. The SACCOs deposit their members' savings with the Co-operative Bank, and members may then apply for loans which are up to three times the value of their savings. Thus, the Co-operative Bank functions as a 'Central Bank' of the Co-operative Movement.

Up to now the Bank has been able to meet the Movement's credit needs by

granting short-term loans of up to two years and medium-term loans with a maximum period of five years. However, with the recent establishment of Co-operative Finance Limited, a wholly owned subsidiary of the Bank, it is hoped that it will be possible to serve the mortgage and long-term financial needs of the Co-operative Movement and the general public.

Government and Donor Funds

Government and donor funds for credit schemes are channelled to co-operative members through the Bank. Since its inception, the amount from this source has been increasing rapidly, particularly over the past few years from KSh 214,000 in 1968 to over KSh 1 million in 1992.

During the past twenty five years these funds have sponsored 14 credit schemes through the Co-operative Bank of Kenya.

All fourteen schemes were designed to increase food production in the small-scale sector; strengthen the infrastructure of co-operative societies; create employment for the rural people; and provide supplementary funds for developing the Co-operative Movement.

The following are examples of six government sponsored schemes which have recently been streamlined:

Smallholder Coffee Improvement Scheme (SCIP)

The Kenya Government, the World Bank, and the Commonwealth Development Corporation have jointly spon-

sored this scheme, and which has been administered by the Co-operative Bank in two phases. SCIP (1980-1991) involved the rehabilitation of small-scale coffee holdings and existing coffee factories, construction of new factories and installation of mechanical coffee dryers. It also funded the supply of coffee farm inputs. Owing to the exhaustion of funds in 1991, the Scheme became dormant. However, the Bank is still recovering the loans and the Scheme will resume as soon as more funds become available.

SCIP II is the second phase which comprises the Cherry Advance Payment System (CAPS) and the Farm Input Loans (FIL). CAPS enables farmers who are members of, and who sell their coffee through, a co-operative society to get their payments before the coffee is processed and sold, while the FIL enables co-operative societies to purchase farm inputs. FIL does not cover the purchase of capital items. The Bank evaluates the creditworthiness of co-operatives before loans can be advanced. The co-operatives are, in turn, required to on-lend to their members at the same interest rate.

Co-operative Development Fund (CDF)
CDF is funded by the Nordic Countries through the Kenyan Government. Provision of credit facilities for promotion of agricultural production in areas where co-operatives are less developed is its primary objective. Activities such as land preparation and purchase of farm inputs for the growing of sugar cane, coffee and pyrethrum are financed on strict business terms.

Small-Scale Irrigation Pilot Project & Development of Horticulture

The scheme is funded by the Kreditanstalt für Wiederaufbau (KfW) of Germany through the Kenya Government. Financing of construction of coffee factories, development of irrigation farming, installation of saw mills, purchase of farm inputs and vehicles as well as the provision of revolving funds for horticulture is the principal objective of this credit scheme. Terms and conditions depend on the activity being financed, but all loans must be secured.

The Dairy Development Fund (DDF) DDF is a DANIDA and Kenyan Government-funded scheme. Only dairy co-operatives benefit from this project. The loan-recipient societies on-lend to their members for a variety of activities, including the purchase of dairy animals, restocking stores and investment in dairy facilities. The market rate of interest is charged, and when financing the purchase of vehicles for transporting milk the dairy co-operative must raise 5% of the finances itself.

Kangundo Women Project (KWP)

KWP is a pilot project begun in 1989. Financed by Swedish Savings Bank Association (SSBA) through the Kenya Government, the beneficiaries are non-agricultural women's groups affiliated to the Kangundo Women Multi-purpose Savings and Credit Co-operative Society Limited. The project will be extended to women's groups throughout the country.

As is the case with several other donor-funded projects, funds are released by the donors, through the Government

of Kenya, to the Co-operative Bank, which lends the funds directly to the Women's groups. So far, the interest charged has been only 6% per annum. This project became the Kenya/Nordic Women's Development Project in 1991.

Kenya/Nordic Women's Development Project

This project, started in 1991, is funded by the Nordic Countries. Financing non-agricultural women's activities classified under weaker co-operative societies is the primary objective of this project. The Co-operative Bank releases the funds only against suppliers' invoice/s duly signed by all the relevant officials.

Although the donor-funded projects briefly reviewed here have somewhat different terms and conditions of lending, they all aim to improve the socio-economic performance of the Co-operative Movement. Their overriding requirement is that the Co-operative Bank must manage donor-funded credit schemes to the satisfaction of donor agencies. Undoubtedly, this link between donor agencies, Bank, and Co-operatives is expected to intensify in the years ahead.

The Education and Training Role

One problem that has been facing the Co-operative Movement is the lack of co-operative education and training for staff members and officials. Where members of a co-op are illiterate or lack knowledge about the rules and workings of co-operatives, they are likely to be manipulated and misled by unscrupulous and selfish leaders.

Obviously, remedying this problem is a big challenge. However, several institutions including the Universities, Co-operative Bank of Kenya, the Co-operative College of Kenya, and the Kenya National Federation of Co-operatives provide education for co-operative training.

For instance, the Co-operative Bank of Kenya Staff Training Centre, which was established in 1987, offers a number of training courses to the Bank's employees and to the Staff/Management Committee members of Co-operative Societies. These courses last from one week to one month and address themselves to three main areas:

- a) **The Bank's Services:** The topics covered in these courses relate to the types of account available at the Bank and their operating conditions as well as the types of credit schemes offered.
- b) **The Special Schemes Managed by the Bank:** This training programme tries to acquaint the co-operative customers with the terms and conditions that accompany donor credit schemes.
- c) **General Management Principles:** These courses involve educating customers, particularly staff and members of the Management Committees of the Co-operatives, on the fundamentals of management with a view to raising the management skills of Co-operatives.

In addition to the utilisation of the Centre for its own training programmes, the Centre is used by other

Co-operative-related Organisations. Examples are the Kenya/Nordic Co-operative Development Programme, the Ministry of Co-operative Development, Co-operative Societies, the International Co-operative Alliance (ICA), DANIDA, and the Kenya Union of Savings and Credit Co-operatives (KUSCCO).

Business Advisory Services

In order to effectively provide business advice to co-operative customers, the Bank has established a Business Advisory Services Department. Its main tasks and responsibilities are appraisal of loan applications for large investments; monitoring and evaluation of large projects already financed by the Bank; initiation and coordination of research and planning work in the Bank; and advising co-operative societies on project selection and design.

Besides being a commercial Bank, the Co-operative Bank is basically a development bank. As such, it advises its customers on investments, financing, marketing, and merchandising. Thus, the Bank's commitment to serve its customers goes beyond its initial objectives. It extends and participates in the protection of the customers' investments.

Furthermore, Bank Loan Officers are stationed in all branches. Their primary function is to meet the Bank's co-operative customers in their respective areas of operation and advise them on the best way to utilize the Bank's services and facilities, as well as determining their banking problems and/or needs.

This is certainly a unique service, since other Commercial Banks wait for customers with investment problems to approach them for advice. Moreover, while other Commercial Banks charge for such advice, the Co-operative Bank offers this service to its customers free of charge.

Yet another unique customer-service that the Co-operative Bank extends to its co-operative customers is the regular annual meet-the-members programme. Under this programme the Chairman and Board of Directors go on a countrywide visit and address members at various centres. During such tours the members of the Board exchange views and interact with the Bank's members and customers on the activities and quality of services offered by the Bank.

Movement-to-Movement Collaboration

In practice, Movement-to-Movement (MTM) collaboration takes place at two different levels. First, the link can be between a co-operative aid agency and a co-operative organization in Kenya. Second, the collaboration can be through direct links between the co-operative organisation receiving the aid and a co-operative organisation in the donor country. The Co-operative Bank has been involved in both types of link.

The Kenya/Nordic Co-operative Development Programme (KNCDP) of 1988-93 has been the focal point of these links. Its Rural Banking Project was designed as an MTM component

to be implemented under the auspices of the Co-operative Bank. The overall objective of the Project was, and still is, to contribute to the development of the rural banking organisations into efficiently managed and financially sound institutions through which agricultural producers are ensured access to credit and savings facilities which contribute to increased production. The Co-operative Bank has contributed immensely toward the attainment of this objective.

Apart from promoting the transformation of UBSs into independent member-based rural SACCOs, the Bank has utilised its own resources as well as those provided by the MTM Project to upgrade the quality of their management. This contribution has consisted of continuous advisory assistance by three banking specialists in the field, development and implementation of improved management systems, conduct of training based on materials and programmes developed through the Bank's Training Centre, and regular inspection of the UBSs/rural SACCOs. The Bank has also appointed a Rural SACCO Training Coordinator to take charge of rural SACCO training activities, with the Nordic Banking Training Advisor as the Officer's counterpart.

The Bank has, for some years now, established links with Bikuben of Denmark. These links aim at providing the Bank with access to advanced banking management practices through study visits and practical training for its staff. Needless to say, a more highly qualified staff is able to extend better service to the Co-operative sector.

Recently, the Bank has also been able to initiate collaboration with the Okobank Training Institute in Finland. The Institute has undertaken to arrange a combined training and exposure programme in Finland for rural SACCO managers. Thus, the CBK has very strong links with both the Co-operative sector in the Nordic Countries (Swedish Co-operative Centre, Bikuben of Denmark, Okobank of Finland, etc) and with Kenya's rural and urban SACCOs.

The Nordic Countries also have strong links with the Kenya Federation of Co-operatives (KNFC) to which the Co-operative Bank is affiliated. These collaborative efforts have mainly centred on the development of a printing press and on the education and training of KNFC staff.

Future Links

The future links of the Co-operative Bank and the Co-operative Movement will be guided by its policies and long-term objectives. It is expected that the Bank will broaden and intensify its links as outlined hereunder.

a) Share Capital

The Bank will continue to intensify and widen its capital base so as to finance the rapidly-expanding branch network and to conform with the lending requirements of the 1985 Banking Act. The members will therefore be requested to increase their shareholding; non-member co-operatives will be encouraged to become members; and the Bank will investigate the possibility of issuing shares to individu-

als without compromising the Bank's control by the Co-operatives.

b) Education and Training

The Bank will also intensify its co-operative education and training activities. The Training Centre will continue to offer co-operative-related courses and seminars for the benefit of co-operators. In addition, the Bank will offer support to all co-operative financial organisations such as SACCOs, Union Banking Sections, KUSCCO and other unions in offering their financial services. The support will be in terms of training in computer and financial management as well as in developing banking halls. The Bank hopes to play a more central role in the computerisation of the whole Co-operative Movement, which is why it agreed to be a founder member of the Co-operative Development Information Centre (CODIC).

c) Long-term Credit and Mortgage

The Bank's newly-established Finance House will endeavour to satisfy the long-term credit needs of the Co-operative Movement through its Co-operative Finance Company.

d) Privatisation Process

The economic reforms currently being undertaken in Kenya will more than likely lead to a more competitive business environment. The co-operative organisations must therefore expect some of their hitherto unchallenged socio-economic operations to come under more scrutiny. Co-operatives are

already being asked to participate in the privatisation process. The Co-operative Bank will, where appropriate, provide the necessary credit facilities to enable the Co-operative Movement to purchase some of the State Corporations being privatised.

e) Urban Informal Sector Projects

It is estimated that the informal sector (Jua Kali) in the urban centres accounts for about 60% of urban employment. The Bank would like to establish links with this sector with the aim of tapping additional savings, and at the same time offer credit on flexible terms. The Bank intends to use mobile vans which will take banking facilities to the informal traders and hawkers in their operating areas. It is hoped that such assistance will eventually lead to the spontaneous development of Co-operatives in the informal sector.

f) Development of New Products

In order to broaden its links with the Co-operative Movement, the Bank will, in the near future, introduce a Co-operative Card to enable it to enter the field of plastic money. The aim of the new product will be to satisfy the unmet needs of co-operators with reasonably high and steady incomes who would otherwise be tempted to shift to competing banks offering this service. Eventually, the Co-operative Card will be developed into a credit card. The Bank anticipates that a charge card will be popular with the urban SACCOs as it will be used to pay for some of their expenses like fuel and



Moco Savings Credit Co-op Society - one of the rural SACCOS in the Western Province of Kenya.

hotel bills. The Bank will also introduce other products including Guaranteed Cheques and Children's Accounts.

Strengthening Advisory Service

The Bank intends to strengthen its Marketing and Public Relations, and Business Advisory Service Departments. These will be expected to determine customer requirements, conduct feasibility studies, and develop and deliver superior customer care.

Movement-to-Movement Links

In addition to meeting the costs of the Nordic technical advisors, the MTM programme will fund training material development and equipment; implementation of seminars and workshops; Rural SACCO inspection; institutional links; systems development and computerisation; staff travel and field operations; and rural SACCO impact study. Thus the MTM support will aim at consolidation and further development of the Bank's support role in relation to rural SACCOs. The Bank will, in the years ahead, assume increasing responsibility for the funding of rural SACCO activities, particularly

for staffing and other overhead expenses.

Conclusion

The Co-operative Bank of Kenya has been in existence for only twenty-five years. During that relatively short time, and despite operating in a highly competitive financial sector it has grown into the country's fifth largest bank. This achievement has been attained notwithstanding the fact that, as a co-operative, the Bank has to operate in the high financial risk segments of the market that its competitors usually avoid.

The secret of the Bank's success is that its Management has judiciously established and professionally administered strategic links with the local agricultural Marketing Co-operatives and SACCOs, as well as with the Nordic Co-operative Movement. But to maintain the momentum, the Bank must intensify and widen its links. In particular, it must actively participate in the on-going trade liberalisation and privatisation process, intensify its co-op education and training, and vigorously encourage further development of movement-to-movement links.

Toward an Improved Financial System in Latin America

by Ramiro Valderrama*

At COLAC we believe in the importance of clearly spreading the word regarding our System's current mission, in which changes in the financial environment define the rules and direction to be followed, through adequate planning, by contemporary co-operative institutions.

A Latin American co-operative financial system has been taking shape for some years now, and in 1970, with the birth of COLAC, a task of integration was initiated, the purpose of which is to create a coherent financing mechanism for co-operative development in the region.

There is a common denominator in this theme, which is that the idea of an international co-operative financial system had its origins within the ICA some decades ago, through reports, speeches, motions, and resolutions, as Sven Åke Bööck states in his Report to the Thirtieth Meeting of the Alliance in 1992. The author points out that today we have a successful movement of credit unions, co-operative banks, and insurance companies. And the ques-



tion being asked is: what if they should co-operate amongst themselves to create, for instance, 'regional co-operative development banks', working jointly with the ICA regional offices?

1992 Economic Environment

International organisations have arrived at the conclusion that 1992 has seen a satisfactory economic recovery in Latin America and the Caribbean for the second consecutive year, despite a persistent slowness of growth in the world economy. The open market policies conceived at the outset of this new decade have become the cornerstone of economic strategies adopted by a majority of the countries in Latin America. In point of fact, open financial policies have permitted a significant increase in imports and the introduction of new technologies.

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Prudent fiscal and money management remained predominant in the region, due to the fact that most Governments stuck to their policies of expenditure moderation and global demand adopted in 1991, which held back inflation to a significant degree.

Preliminary estimates set real annual growth rates at up to 10 percent in some countries. Existing reforms that are already well advanced in almost all nations of Latin America involve liberalisation of commerce, privatisation, tax reform, the reform of social security systems, and the strengthening of social services systems.

Market integration presents nations with new options, and it has provided additional stimulus to commercial activity in 1992. The countries that make up MERCOSUR have substantially reduced tax barriers, preparing for free trade in 1994. The Andean Pact nations have established a network of agreements in order to promote commercial activity. The opening of inter-regional trade is opening the way for new market strategies. Note that Mexican ties to the U.S. and Canadian markets, through the Free Trade Agreement (NAFTA), have led some Central American and Caribbean nations to seek opportunities for exportation to Mexico in order to thereby gain access to the United States.

Colombia and Venezuela are evaluating the concept of free trade with Mexico, not only for ease of access to the U.S. market, but also to access the Mexican market itself. On the other hand, the Initiative for the Americas

complements NAFTA in boosting the opening of markets and liberalisation of trade policies in the region.

COLAC's Financial Co-operation

As is the case in other financial sectors, co-operatives have evolved in an interesting manner, in view of the changes that occur in the environment in which they operate. We have credit unions in all Latin American countries, and co-operative banks mainly in Argentina, Colombia, Costa Rica, and Panama. Here, we want to perfect the co-operative financial integration of the region. In Panama, in January of 1993, the Confederated Bank of Latin America (COLBANCO), which is responsible for leading the regional banking network, opened for business. This year the Banco Mayorista del Plata in Argentina also opened for business and will, together with COLABANCO, work jointly in support of banks and financial co-operatives in different countries in their local and international operations.

Consolidated 1991 statistical data from the Latin American financial co-operative movement reveals that the agencies associated with the Confederation have 17,000 agencies affiliated to them, with 6.7 million members. Members' assets were calculated as US\$ 3,915,986,370 and savings reached US\$ 2,165,774,272. Balance due on loans was placed at US\$ 2,816,732,411.

Development Strategy for the Nineties

In order to act within the Latin American environment, and with the idea of keeping the co-operative financial sys-

tem in place, COLAC established development strategies for the system in the 90s based on the realities of each one of the system's components, considering the General Assembly's decisions, and based on information received at planning sessions held in the different countries in the region. So then, strategies were established in the following areas: development of a new philosophical concept, financial development, institutional development of self-controls, and regarding the role of the Government.

Developmental Model

In order to implement Development Strategies, it became necessary to have participating operational structures and adequate service structures, in accordance with the current realities and those anticipated for the future of the environment in which the system is to operate. The COLAC system's developmental model is the mechanism for the application of the System's developmental strategies and its components are the following: Social Base, Participatory Structure, Corporate Services Structure, and Administrative Structure of the Confederation. The general objective of the model is to establish adequate mechanisms in order to facilitate the implementation of developmental strategies, thereby meeting its objective of contributing to the economic and social development of Latin America.

Corporate Service Structure

The service structure was conceived with attention to the corporate focus of the COLAC System and predicated on

each agency's market base. COLAC, as the main agency in the system, develops representational, planning, and institutional credit activities. The task of representing the system at the international level will be performed by COLAC, in order to project a unified image and facilitate coordination with the different international agencies.

The COLAC Educational Foundation (FECOLAC), deals with educational and technical assistance services, which are complementary services that experience has shown must be joined together in order to facilitate the gaining of better results in terms of technical and educational support for its members. FECOLAC develops educational and technical assistance programmes financed by international organisations, by COLAC, or by its own beneficiaries.

Banking services are provided by the Confederated Bank of Latin America (COLABANCO), which operates with banking industry criteria, according to the legal standards in place in Panama.

Confederated Bank of Latin America

The mission of the Confederated Bank of Latin America (COLABANCO) is that it should become the regional banking institution of first order, contributing to the economic and social development of Latin America in support of the co-operative movement. COLABANCO initiated its activities in Panama's Regional Banking Centre on the initiative of COLAC, which put up the capital required for its constitution. So, COLABANCO's offer of ser-

vices is made up of two important objectives: the Latin American Co-operative Sector's Regional Correspondent Banks, and Local Banking in the Republic of Panama, with priority, in both cases, given to the development of foreign trade.

Thus, the idea of COLABANCO as a double opportunity presents itself, coinciding with the evident lack of an institution for the promotion, coordination, and development of correspondence in co-operative banks and financial institutions at regional levels, contributing to the development of local co-operatives.

The bank's automatization guarantees high productivity and will allow personalised service. The bank is directed by a group of executives with experience in international and domestic banking, who have implemented dynamic and innovative ideas from the outset.

The Confederated Bank of Latin America's market objective is segmented as follows:

Regional Correspondent Banking

The basic goal is to form a regional banking network for the Latin American co-operative sector through COLABANCO, in other words, to unite

co-operative sector banking institutions in order to maximise the services that these institutions will require from abroad, and may therefore extend to their clients throughout Latin America. The services offered have been designed for commercial banking institutions, co-operative banks, and other non-banking agencies, preferably from the Latin American co-operative financial sector.

The Co-operative Movement

The Bank's objective is to promote the co-operative sector's development in coordination with the co-operative organisations of integration.

Small and Middle-Sized Business

This segment is made up of non-co-operative small and mid-sized businesses, and the thrust is to develop it with the active participation of COLAC and FECOLAC. The specialised services offered involve an integrated technical and financial assistance programme; foreign trade and traditional banking services and products.

Personal and Private Banking

This segment will be serviced mainly in order to foster the attraction of resources and place funds with the professional and executive sectors, and all the traditional banking services will be offered.

The Strategy of Coop Norway

by Steinar Sivertsen*

Three years ago, in 1990, Co-op Norway (NKL) decided upon a strategy for the nineties. This strategy comprises three main components:

1. To clarify the co-operative identity and use it as a competitive advantage.
2. To radically improve economic performance and to act professionally in the market.
3. To improve co-operation between NKL (the central organisation) and the societies in order to realise the potential of the organisation as a whole.

Co-operative identity

Many of NKL's societies and managers had to undergo a radical change in attitude: to see their goal as serving the member, rather than the organisation.

In 1990, Co-op Norway had some 450,000 members, with an average age of 58 years. In many regions the relationship with members was of an indifferent, or even negative, character. The following targets were set:

- the number of members should be increased to 600,000 by 1995;



- the members should make 50% of their total purchases in co-op shops;
- the average age should be decreased to 42 by 1995;
- members should receive a three per cent dividend on their total purchases.

An important tool in motivating the membership and moving towards these targets has been the electronic membership card. Being able to function as a record of dividends accumulated, bank card, and credit card (Mastercard) and entitling the holder to claim numerous other advantages, the membership card has attracted new, and younger, groups of the population. It also allows NKL to address its members personally by direct mail several times a year.

* Mr Sivertsen is the Deputy Chief Executive Officer for Co-op Norway (NKL) in Oslo.

The results are positive. Today membership has reached 580,000 and the average age is down to 52 years. The members are active, making more than 50% of their purchases in co-operative shops.

Economic Performance

In the late eighties the economic situation in Co-op Norway was rather poor.

From a retail turnover of approximately 17 billion NOK, NKL and the societies made a profit of only 20-30 million. In many places co-operative shops were looked upon as unprofessional. The market share was in decline, and was down to 22 per cent in the food market. The following targets were set:

- an annual profit of three per cent should be achieved by the end of 1995;
- a market share of 25 percent by the end of 1995.

Competition has been central to the process of change. In many places within the co-operative structure the attitude has been 'you must buy from me because you own me'. This had to be changed into 'you will buy from me because I give you the most advantages'.

Fundamentally, it is a question of setting higher professional standards. Within the co-op family the boards of directors have, as a general observation, demanded too little. The same goes for the managers. To care about an organisation, to care about people, is not a question of laissez-faire, it is a question of challenging people to utilize their full potential.

The results are satisfactory. Last year we had an increase of 1.7 percentage points in our market share, and we now control 24.5 percent of the food market.

Co-operation within Co-op Norway

In 1990 the relationship between NKL and the societies was full of distrust and dissatisfaction. More than 400 societies: 400 legal entities went their own ways, followed their own strategies.

The target set in 1990 was to make these 400 different legal bodies act as one trading organisation with regard to important business and matters of co-op identity, whilst preserving their local differences and local activities. An ambitious goal!

Broadly speaking, this target has been approached in two ways: firstly, the question of goods stocked. There is no reason why a Norwegian on the North Cape and one in Oslo should use different toilet paper. Consequently, we obtained a signed agreement from all of the 400 societies to negotiate price on behalf of Co-op Norway. The same was done for 750 other product items, thus creating what we call a 'basic co-op assortment'. Instead of 400 buyers we have now one negotiator. Similar arrangements have been implemented for other types of shop.

Secondly, we have the question of corporate identity. Retail trade is increasingly made up of shop chains, each with its own corporate image and an emphasis on one key word: discipline. This is a very unfamiliar word to the co-operative world and vocabulary.

So what do we do? All co-operative shops are owned and operated by the societies. The chain concepts, however, are developed and owned by NKL. This means that each society must sign a franchise agreement with very specific rights and obligations.

The standardised range and the shop franchising system has allowed us to maximise internal co-operation, whilst taking advantage of the variety and creativity offered the co-operative system.

Furthermore, the system has another advantage. 149 years ago the Rochdale weavers organised their flow of goods in such a way as to burden it with as few costs as possible. It was their way

of dealing with what we now call logistics. Through its restructuring of shops and product ranges, Co-op Norway is now in a position to follow the example of the weavers.

As you can see, we have radically improved our economic performance, we have more satisfied members, better shops and an improved market position. However, we must maintain our momentum. There are clouds in the sky. This summer we revised our strategy. Although we will change its emphasis and priorities, our conclusion is that its three main components are still valid as the year 2000 approaches. We believe that the weavers can still look to Norway without turning in their graves.

Member Participation: Past Experience and Future Development

by Masayuki Yamagishi*

Development of Co-ops in Japan

Japan's consumer co-operative movement made great strides forward during the ten years from 1975 to 1985. This rapid progress was largely due to two factors: the development of a Japanese-style system of participatory democracy involving the founding of the han groups and the development of joint-purchase systems and retail outlets.

Underlying the development of a participatory system centred on the han groups were the efforts made by co-operative leaders. These strove to develop the consumer co-operative movement by drawing on the energy of its members. They also worked to ensure that co-operative democracy was genuine, rather than a mere shell of representational democracy.

Another factor was the nature of Japanese society itself. Over the years from the Edo period to the end of World War II Japan had a tradition of administrators who drew on the agrarian society's community spirit, organising



and deploying community groups skilfully as a means of ruling the people. The co-operatives built on this community awareness and used it as the basis for founding the han groups, by which means they were able to realise a system of participatory democracy. Whilst democracy was developing very slowly, and as women began to participate more fully in society, co-operative activities provided women, and housewives in particular, with a vehicle for social participation based on the han groups.

Co-op Kanagawa's Slump

Following this period of rapid progress, Co-op Kanagawa entered a slump in 1985. From the perspective of member activities, this was manifest in a number of ways. The han groups began to

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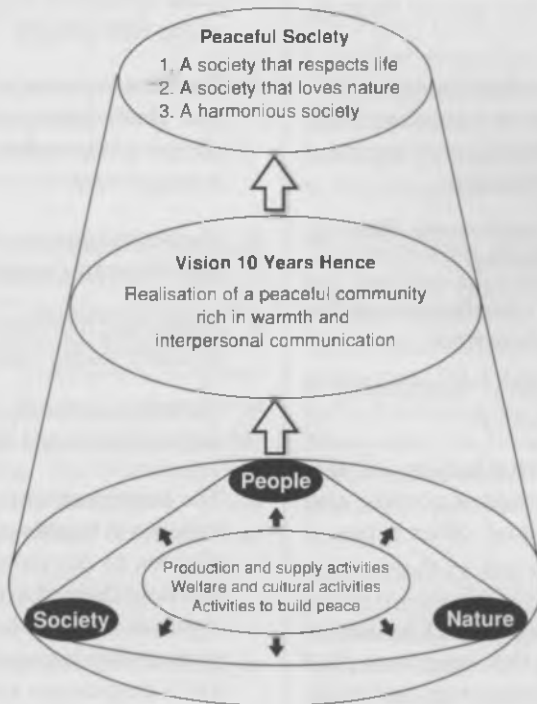
atrophy. Many stopped holding group meetings, and attendance at group leader meetings fell. Few wanted to become committee members, participation in gatherings and petitions declined, and members' purchases stagnated.

The main factors which contributed to this slump were 1) the absence of a system to facilitate the participation of working people. The number of women working outside the home was steadily increasing. 2) Slow progress in the policy adjustments necessary to respond to the shift in the members' concerns away from safety considerations toward a much wider range of

issues. 3) The emergence of obstacles to a functional organisation for co-operative members due to the steadily-expanding scale of the Co-op's organisation. One other major factor was the Co-op's slowness to increase the scale of its retail outlets.

Insofar as Co-op business is concerned, the slump was evident in that Co-op products became less popular as other suppliers also began to eliminate harmful additives from their products; the Co-op lacked the capacity to enlarge and upgrade its retail outlets; and it was also lacking in personnel development skills and management capabilities.

Conceptual Outline of the Co-op Movement Identity



In 1987, Co-op Kanagawa formulated a long-term plan in order to overcome the problems and to enable it to make new strides forward as it approached the 21st century. Based on this long-term plan, the Co-op then formulated a corporate identity programme in 1988.

A conceptual outline of the programme is shown in the diagramme on the previous page.

The following six areas were identified for innovation in the long-term plan, and the Co-op began taking steps toward their achievement:

1. **Organisation:** The creation of a membership organisation that would enable everyone to participate in and to feel part of their co-operative.
2. **Business:** The development of a comprehensive co-operative business encompassing every aspect of life in the community.
3. **Members and employees:** The cultivation of initiative.
4. **Management:** Clarification of the organisation's functions.
5. **Theory and policy:** Elucidation of co-operative theory.
6. **Relations:** Strengthening of ties among the consumer co-ops, and between these and other types of co-operatives.

Recent Progress and Future Challenges
Since formulating this long-term plan and beginning to take steps in the di-

rections it defined, Co-op Kanagawa has made progress in the following areas:

- Decentralisation through the establishment of regional committees;
- Transition from a type of management based on negative reinforcement to one based on respect for the initiative of members and workers;
- Stimulation and organisation of activities in new areas including the environment, welfare and culture, as well as in the workers' co-ops.

Items on Co-op Kanagawa's current agenda include the following:

1. The development of a new democratic system to counter the decline of the han groups.
2. The development of systems to allow participation of working people in co-operative activities and management.
3. The development of an organic system of communication.
4. Furthering member education, particularly leader education.
5. The integration of pyramid and network-style forms of organisation.
6. The improvement of staff training which will enable co-operative employees to develop their initiative and help them share members' perceptions in order to strengthen the partnership between the co-operative's employees and members.

The Development of Hungarian Consumer Co-ops

by Pál Bartus*

The general consumer and sales co-operatives in Hungary represent an important part of the retail trade. The activities of our 273 consumer co-operatives cover practically all the regions of the country, but they are most influential in rural areas, villages and small towns. Thanks to their more than one million members, they are in day-to-day contact with the population. Their activities are mainly concentrated in retail trade, with 11,600 shops and 5,000 restaurants.

In Hungary, co-operatives are medium sized enterprises, particularly following the privatisation of the big State-owned retail companies.

The consumer co-operatives operate according to a federal system, with 19 counties. The 273 consumer co-operatives are also members of the National Federation of Consumer Co-operatives, AFEO SZ. There is no hierarchical link between the regional and national federations. The National Federation is a central institution, which represents the members' economic and social interests.

* Mr Bartus is the President of Co-op Hungary in Budapest.



The legacy of the past, the transition to a market economy, decreasing State involvement, high inflation, growing unemployment levels and other circumstances resulted in a net decrease in the co-operatives' performance.

The narrowing of the consumer market, and the appearance of new competitors resulted in a decreased retail turnover. Their annual turnover amounts to HUF 104 billion, more than half of which goes to the food sector. Their share in retail trade sank to 9 percent, compared with the previous level of 35 percent.

As a result of the economic setback, lower turnovers, high interest rates (35-38 percent) and growing costs, and because some co-operatives reacted more slowly than would have been



Hermes is a consumer co-operative which supplies agricultural products to farmers.

desirable, some 40 percent of the consumer co-operatives are currently operating at a loss.

Several co-operatives went bankrupt and were liquidated. However, the majority of co-operatives - despite their losses - have sufficient reserves which, if used properly, should help them over the recession.

Some Government forces have questioned the legitimacy of the existing co-operatives, in both political and social terms. Therefore, the consumer co-operatives have had to react not only to the new challenges of the market, but also to these political changes.

In 1992, Parliament adopted a new Law on Co-operatives. This gives the co-operatives a greater degree of au-

tonomy. At the same time, a special 'Transition Law' obliged the co-operatives to register their accumulated assets in their members' names, in the form of 'business vouchers'. The co-operatives' total assets are valued at HUF 38 billion, 70 percent of which are registered in the members' names. The average business voucher is worth HUF 23,000.

The Transition Law demanded new elections to the governing bodies, and permitted mass withdrawal from the unions. In the majority of cases, the existing postholders were re-elected. There were only 14 cases of separation from the co-operatives. The membership has adopted the new by-laws in conformity with the new Law, and the co-operatives' operational structure has been altered accordingly.

The consumer co-operatives held their first congress in 1990. A second congress was held in December 1992, where the main strategic goals and tasks were set. These are the following:

- maintaining competitiveness, and internal restructuring;
- placing the emphasis on trade in foodstuffs and daily necessities and standardising the network of food shops and supermarkets;
- creating a co-operative wholesale system in the counties, and regions, and the establishment of a national wholesale centre within the framework of AFEOSZ;
- improving the integration of department stores dealing with non-food goods;
- emphasising the representation of economic interests in AFEOSZ activities - by coordinating the consumer co-operatives' trading activities.

Achieving these goals is slower than anticipated, mainly due to the lack of capital. The co-operatives do not possess external financial means, so have only their own resources to fall back on. This is why an internal structural change is taking place, in which those assets not immediately required are being sold off.

The bigger supermarkets (roughly one thousand) will remain the property of the individual consumer co-operatives, but will operate according to a uniform style, and will implement a joint

purchasing scheme. Foreign financial assistance is needed, with low interest rates, to ensure their technical development and modernisation.

Department stores selling non-food goods also need a radical change. Previously, clothing used to predominate: we now need to increase the trade in technical appliances, agricultural tools, videos and video games and leisure products. A merger of the 55 largest department stores is anticipated and 'CO-OP' department stores will replace the old SKALA-COOP departments store system.

The establishment of co-operative wholesale systems is to be accomplished through our own efforts, including the use of previously-founded co-operative enterprise

The consumer co-operatives have created a new county and regional purchasing organisation called PROCO-OP. In some counties they have established this purchasing base by buying up State-owned food wholesale companies. Their main profile is to trade in foodstuffs and daily necessities. The operational purchasing societies' annual turnover will be in excess of HUF 10-12 billion, which represents over 20 percent of the consumer co-operatives' turnover in food and in daily necessities.

The national purchasing centre, PROCO-OP HUNGARY, works within the frame of CO-OP HUNGARY. Its main task is to coordinate the county-level regional organisations, to organise joint negotiations with suppliers, to sign



ABC Aruház is a chain of supermarkets which provide daily foodstuffs and household articles.

standard agreements and to purchase non-food goods for the consumer co-operatives using the central warehouse facilities.

Because of legal limitations, the consumer co-operatives are not as yet in the position to take part in the privatisation of State property. However, it is already, in principle, possible to buy up State-owned enterprises, for example wholesale food society, bakery or milling industries. Greater participation in this kind of privatisation is difficult because of lack of capital.

The consumer co-operatives wish to develop expanding economic links, based on mutual interests, with the West-European countries. We count on the commercial co-operation of the consumer co-operatives in these countries. We wish to participate in their joint purchasing and to have continuous contact with INTER-COOP. Our consumer co-operatives consider ICA

activities to be important, wish to take an active part in them, and expect technical and political support from the ICA.

Hungarian consumer co-ops wish to hold their ground with respect to increasingly stiff market competition. To do so, political stability is needed. Unfortunately, at the beginning of 1993 there were some moves to alter the legitimate co-operative structures by modifying the Co-operative Law, allowing individuals and small groups to separate from the co-operatives, and the resultant withdrawal of assets, would have resulted in the erosion of the co-operatives. However, no such amendment of the Co-operative Law has taken place.

We are confident that we shall be able to carry on our work based on the existing laws, concentrating on those economic tasks which are in the interests of our members.

Strategic Management in Co-operative Retailing

by Ole Dueholm*

Inter-Coop is an association of 18 consumer co-operative central organizations in 16 countries in Europe, Israel, and Japan. Our job is to promote economic collaboration among our owner organisations, i.e. any collaboration which will provide financial benefits for our owners.

'Strategic Management in Co-op Retailing' is a project which we conceived in 1992 and implemented in the course of 1993: a series of international education programmes and seminars, developed for senior executives in our owner organisations.

The specific purpose of the programme is to add an international dimension to the formal training and education which the managers already have.

At the outset, we defined our target group as high-ranking executives, typically co-op society managers or people in equivalent positions in the central organisation. They should all have behind them the formal training and education which their respective organisations offer. In our case this means

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that we have a target group of 330 executives from owner organisations in the six countries where our owner organisations decided to support the project by participating in the work of the project steering group.

Of this target group we have calculated that roughly 27%, or 90 persons, could be expected to join the programme, and as we defined the ideal number of participants in one series of seminars to be 15, it means that we have the potential to run the programme at least four times before our 'market' is saturated.

With a target group of high-ranking executives we cannot expect delegates to attend a 10-12 day programme, and we consequently divided the programme into three modules in three

different countries. The overall programme was designed by a Steering Group consisting of personnel development department managers from six of our owner organisations. By applying a modular structure to the programme we have been able to distribute the workload for the development of the individual modules and, at the same time, to draw on local expertise in various areas without sacrificing overall continuity.

We decided to run the three modules in the UK, Germany, and Sweden and worked together with outside expertise from the Manchester Business School, Manchester Metropolitan University, the Deutsches Handelsinstitut in Cologne, the University of Stockholm, and finally the Stockholm School of Economics.

To ensure continuity and coherence we have worked very closely with a Professor of Retailing from the Manchester Business School, who has participated in the development stage and is also the through-going figure in all three modules.

The first module of the programme was launched in Manchester in March, 1993 under the heading 'Competition & Growth'. It relied to a great extent on academic or theoretical input around the development and implementation of strategies, as well as the analysis of markets and competitors.

The second module took place in Cologne, Germany in May and was entitled 'The European Consumer and Co-op Retailing'. It took as its starting

point the current changes in market demographics and consumer behaviour, and it focused almost exclusively on cases presented by consultants or other retailers, so that this module emphasised the practical aspects of retailing and retail strategy.

We have consequently moved from predominantly theoretical input to mainly practical input, and the third module, which took place last September in Stockholm, was a mixture of the two approaches. Its theme was 'Corporate Planning and Strategy'. Professors from the Stockholm School of Economics and the University of Stockholm lectured on aspects of Total Quality Management, 'green issues', productivity, and information technology, while executives from the Co-operative Retail Group of KF, Sweden, talked about individual examples of strategy and quality management implementation.

A very important aspect of the whole programme is the fact that it has been designed to be participation-oriented. Both delegates and speakers have been encouraged to create dialogues during the various individual sessions, and this has been made possible by the relatively low number of 13 delegates.

Both the continuity of the programme as a whole and the participation orientation have been supported by the creation of three workshops which were started in connection with the first module in Manchester. The three workshop groups were active throughout the programme and worked with issues of topical interest in all countries.

One workshop dealt with 'Response to Discounting' and benefitted from the fact that retail discount formats are at different development stages in the delegates' countries, so that there was a very real opportunity for delegates to draw on experience from other countries.

The second workshop was about 'Service in Retailing' and the possibilities to differentiate the profiles of store concepts through service, in other words the benefits of upgrading the 'soft' competition parameters of the retailer.

Finally, the third workshop dealt with the 'Use of Membership in Consumer Co-ops', another subject which benefited from the variety of approaches in different countries, ranging from the traditional member benefits such as dividends to sophisticated and electronically based membership systems, which can be used in advanced loyalty programmes and direct marketing schemes.

From our point of view we certainly have an innovation here as it is the first time Inter-Coop has organised a formal training programme as an extension of our traditional exchange of experience and information. It is also an innovation in the sense that it is an extension of the national co-operative training and of regional programmes such as that arranged among the Nordic countries.

The evaluations of the two first modules indicate that we have a success on our hands and, although it is tricky business to count one's chickens be-

fore they are hatched, we are confident that the evaluations of the last module and of the programme as a whole will bear us out.

In order to support that view we have listed some of our main experiences from the programme and its most important achievements.

The evaluations of the two first modules have confirmed the validity of some of our main considerations.

Nowhere in the process have we compromised with regard to our original aim of creating a high quality programme for high quality people. It is always tempting along the way to try to economise, but we have not done so at the expense of the quality of speakers.

Another temptation could be to accept delegates with an organisational standing other than the one defined. With the support of the project steering group we managed to avoid that kind of pitfall, and we have indeed had a group of equals, which was greatly appreciated by the delegates, as indicated by their comments on the programme.

It is not important what target group one has for a programme like this, but it is important to have a homogenous group with similar backgrounds and responsibilities, and in any future programme we will certainly make sure that the delegates are 'equals'.

The homogeneity, and the common background and responsibilities are

also very important with regard to the workshops which are organised in connection with the programme, and the work that was organised in connection with the workshops has served two purposes. One purpose is, of course, the work itself: the discussions on the subject chosen, but the workshops also serve to bring delegates together as a group and to emphasise the orientation towards active participation by the delegates themselves.

The final item on the list of our most important experiences is the continuity. We had to split up the programme and to organise it in three separate modules over a period of six months, and we also had to cover a lot of ground between abstract theory and down-to-earth case studies. To keep the programme together, both on the personal and the professional plane, we had the opportunity of working together with a Professor of Retailing (Mr. Gary Davies) from the Manchester Business School, who has supported the Steering Group and Inter-Coop in both the development and implementation of the programme. Professor Davies is the through-going figure for all of the modules.

This support proved invaluable in creating the link between the practical approach of delegates, the practical input in the form of case studies and the academic input in the form of theory.

What have we achieved with our programme? An education programme as such is not, of course, a unique thing. There are many programmes on the

market. What is unique about our programme is that we have succeeded in creating a course that is custom-made for retailers, and one which is targeted specifically at a high and well defined executive level. This strict adherence to a specified level in the organisation ensures maximum benefits for the delegates, especially in a participation-oriented environment.

Our group of delegates have comparable backgrounds as they are all executives, they are all retailers or have retail-related functions, and they are all from the consumer co-operative movements. The common co-operative background means that delegates are neither direct competitors in the market, nor are they likely to become competitors.

This aspect clearly differentiates our programme from other courses and seminars, which - even if they were aimed at the retail sector - would potentially include a significant element of actual or potential market competition between delegates.

The fact that delegates are not competitors in the market contributes to an open dialogue allowing not only strengths, but also weaknesses, to be revealed and discussed. I am pointing this out because we are convinced that there are lessons to be learnt from both successful and unsuccessful business ventures.

All delegates represent consumer co-operatives, and therefore they share similar business ideas regarding retail practice. The co-operative idea is trans-

lated into retail practice in many different ways across countries and continents and, by meeting and working with colleagues from other countries, delegates have the opportunity of taking a fresh look at other business cultures and of being inspired by other approaches and other ways of acting on the market.

Finally, even national markets show significant differences in characteristics from region to region, and if we look at Europe as a whole it is certainly not what might be called a homogenous market.

Within Europe there are enormous differences from North to the South and from East to the West, and differences relate to both the general retail structure and to the presence of different competitors with different retail formats, so that e.g. the discount food retail format is at many different stages of development across Europe.

'Strategic Management in Co-op Retailing' has been able to use this diver-

sity of markets in a positive way. This means, just as one example, that delegates from countries where the discount format is at an early stage can draw on the experience of colleagues from countries where discounters are firmly established, with all the implications that such a situation has for the food retail business.

With the programme we have therefore managed to get the best of both worlds. We have not only overcome national differences, we have been able to take advantage of the variety of national retail scenarios and put this to use in an international programme designed to benefit all participating members, whatever their nationality.

While the programme we have described here is only one element in the total picture of our efforts to promote economic collaboration, it does stand out as a significant and new element in the process of increased internationalism in all aspects of business throughout the consumer co-operative sector.

Privatisation of Public Housing in the New Länder

A pilot project for a co-operative solution

by Thomas Schaefers*

Only nine months intensive preparation work preceded the foundation of the Maxhütte housing co-operative in May 1993. This was the first significant new housing co-operative in the Länder of the former GDR.

Agreement with the residents

A high degree of consensus with the residents of the former State-owned housing units was an essential precondition for the realisation of the project.

The residents had to be well-informed about the nature of tenants' co-operatives and about their rights and duties as well as about the programmes of rehabilitation and maintenance.

The transfer of stock

The majority of the 1410 dwelling units around the 'Maxhütte' steel plant in Thüringen were built in the fifties and were in need of updating. Most homes, for example, still used old-fashioned coal stoves for heating. Few of the houses are prefabricated.

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There were no outstanding debts on the homes, so the sale could take place without the burden of any existing mortgages.

As elsewhere in the former GDR, the steel works were liquidated following a takeover by the 'Treuhandanstalt' (THA), the State-owned liquidation authorities. Previously, 6500 workers had been employed there, but only 620 of those were able to stay on with the new company, ARBED steel works from Luxembourg, which bought some of the business from 'Treuhandanstalt'. The majority of the steel workers were made redundant or took early retirement.

All of the former GDR's housing stock which used to be linked to industrial complexes is now owned by THA and

will be privatised. Maxhütte has become a pilot project for such privatisation.

Becoming a Co-operative

The tenants were all in a bad situation. They had lost their jobs and feared they might become homeless if privatisation were carried out in such a way that revenue from sales were the only consideration. In many cases sale to individual tenants is not possible, as their financial resources are inadequate.

Furthermore, some legal problems are involved in the individual sale of dwelling units. For this reason, THA contacted the German Head Federation GdW for guidance. GdW proposed a tenants' co-operative.

The 'green light' given by the board of directors of THA made it possible to take Maxhütte as a pilot project. Thus, it might be an excellent model for other State-owned housing in the former GDR, as well as in other Central and Eastern European countries.

The Co-operative Takes off

92% of the tenants decided in favour of the co-operative solution. After such a clear vote negotiation started quickly with representatives of THA, the management of Maxhütte, and its works committee as well as the GdW.

Realistic conditions for the transfer of the housing stock had to be found. The price for the housing units, the sites and the share value had to be fixed. Together with lawyers and consult-

ants, as well as the regional federation in Erfurt, all details of the project were discussed, until a detailed timetable for the takeover could be settled.

Originally, THA had estimated a figure of 40 Million DM, which meant a cost of 28,000 DM per housing unit. It was finally possible to reduce the price to 20,000 DM per unit.

Co-operative shares as a financial tool
So, the housing co-operative's capital had to be raised through members' shares (7,000 DM per dwelling). The economic concept of the co-operative had to cover the necessary renovation and maintenance work, which had been neglected for 25 years. Nevertheless, the rent will remain unchanged for the first 5 years, and this will be followed by moderate increases during the renovation work (4.33 DM/square metre to 5.67 DM/square metre per year, reaching 7.78 DM/square metre in 2003). So, 50 Million DM were needed for maintenance and renovation: 35,000 DM per dwelling.

Communication with Members

Naturally, an investment of this size is not possible without outside capital. So, apart from 9 Million DM of its own capital, raised through the co-operative shares, 19 Million DM outside capital was necessary to buy the whole of the housing stock from THA.

The precondition for this was that at least 90% of the households had to agree to the relatively high share price of 7,000 DM (the average share in the former FRG is 1,500 DM per dwelling).

So, a concept of good communication with the tenants was absolutely necessary. 'United better living' leaflets were distributed and the co-operative principles, e.g. of democracy, with all their rights and duties were explained.

Additionally, six weeks before the foundation of the housing co-operative, an advice office and telephone hotline were opened, where trained staff was ready to answer all questions raised by future members.

At the end of April, just a few weeks before the co-operative's foundation, four information meetings were organised, so that the project itself could be explained in detail to the future members.

By 25 May 1993, 75% of tenants had already decided to join the Maxhütte housing co-operative. 85% had accepted by the foundation day, so the concept as a whole was finally secured. Furthermore, 100 non-tenant households became members and the local authorities declared their willingness to take over 250 shares. This financial contribution of 300,000 DM was an indicator of the excellent collaboration between the housing co-operative and the local government.

New Projects Planned

On the foundation day 1,500 persons became founding members and signed

the bylaws. This was a great success for the co-operative. Now, a second project is already underway. The steel works in Gröditz, with 1,100 housing units, is to be taken over by a tenants' housing co-operative. Other industrial branches are watching Maxhütte with great interest.

Each case has to be studied carefully. In many cases individual privatisation cannot be carried out. Then, a co-operative solution with the participation of the tenants is a good alternative.

Conclusion

Housing co-operatives in those countries in the process of transition provide the opportunity for privatisation in the legal form of a co-operative. As co-operative housing societies are private legal entities with a special form of co-ownership, this concept needs the agreement of the vast majority of tenants in order to proceed. Furthermore, their financial commitment is required. Maxhütte showed that this is possible: if a good concept is well presented and politically supported.

This will hopefully encourage many other public bodies in Central and Eastern European countries to follow innovative and successful examples such as Maxhütte.

Co-op Travelcare - A Case Study of Co-operative Success

by Michael Grindrod*

The Co-operative Wholesale Society (CWS) has been in the travel business since 1905, when an excursion department in Manchester organised outings varying from a few hours to several days for employees and Co-operative Society Members.

Initially these were primarily by train, but motor coaches became increasingly important. Similar excursion departments followed in London, Newcastle and Bristol. The business grew steadily up until the Second World War, by which time the CWS was one of the biggest group holiday organisers in the country.

In 1946 the excursion departments were retitled Co-operative Travel Services, and in 1951, from their new head office in Regency Street, London, CTS were among the first to charter aircraft for continental groups - the birth of package holidays - offering holidays in Italy and Switzerland as 'Sun Flight Holidays'.

By now sales were being made to the general public, and a chain of retail



outlets developed which, by 1965, numbered 65: most of these were situated in-store in retail society premises.

TravelGroup also managed the Travco chain of 12 hotels.

Through the 70s and early 80s it is fair to say that travel and tourism became something of a backwater for the CWS. Many in-store retail units were closed, and the hotels were sold off.

At the end of 1984 Co-op Travel operated 34 agencies and a tour programme to the Channel Isles, and organised a substantial volume of group holidays, both within the UK and overseas.

It never made much money, but once the hotels were sold it didn't lose a

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great deal either. Now primarily a travel agent, it mirrored what was, compared with the rest of the British High Street, a fairly sleepy industry. The jet engine and the relaxation of exchange controls might have revolutionised the package holiday market, but prices were still fixed by operators who supplied all point-of-sale material. Retail price maintenance still reigned, and it was difficult to tell one travel agent from another.

It could reasonably have been asked, and indeed was, whether travel was really a business the CWS should be in at all.

In February 1985 the picture changed, when CWS accepted the transfer of the Royal Arsenal Co-operative Society, which operated a chain of 21 travel agencies.

CWS Travel Group now consisted of 55 retail travel branches with a retail turnover of £ 33.4 million, other travel services generating £ 2.15 million, and a staff of 276. At that time David Skinner invited me to move from another senior management job in CWS to become General Manager of the Travel Group.

At this time the industry itself was clearly entering a period of rapid change, stimulated in no small part by the initiative of another Co-operative Travel business: that of Ilkeston Co-operative Society. Ilkeston successfully challenged the right of major operators to fix prices, thereby opening up the possibility of real co-operation between retail travel agents.

The CWS determined to become a major and active player in this changing market. We set ourselves a number of positive targets for our first three years. They were to:

- * Create a strong attractive retail identity. (We had been operating under 14 different trading names);
- * Raise the standard, both of staff and facilities ;
- * Introduce a central computer to help gain control and cut costs;
- * Develop a high media and professional profile;
- * Introduce discounting where appropriate;
- * Seek new business opportunities and associations;
- * Increase market share;
- * Generate acceptable profits.

This was our clear strategy to lay the foundations of the business we relaunched in Spring 1986 as 'Co-op Travelcare'.

Did we Meet our Objectives?

Well we have certainly grown. In 1984 we had 34 branches: now Travelcare runs 186.

Some growth has been by transfer of engagements to the CWS of other Retail Societies, starting with Royal Arsenal Co-operative Society in 1985, and more recently Greater Nottingham and South Midlands.

Some growth has been by the low cost acquisition of other travel businesses less well able to cope with the new and fiercely competitive environment.

Some by development of green field sites. And some by the provision of managed services - where we have helped other societies enter the travel business. We now have 18 bureaux on our managed service scheme.

What about Performance?

There are several methods of measuring a travel agent's performance. We use three:

The first is the return on the capital employed within the business. From being a net drain upon the CWS in 1986, Travelcare now generates a very healthy return and, perhaps more importantly, is able by its positive cash generation to reduce CWS borrowings by an average of £ 14 million throughout the year.

Our second measure is market share, where our share of major operators turnover has grown from 1.2% in 1986 to 3.2% in 1993. More importantly, we can generate control information enabling us to compare our performance with that of our major competitors upon a week by week basis.

Finally, we continuously measure our productivity on both a company and a branch by branch basis. In 1982 our productivity per branch was greater than that of all but one of our major competitors.

We have made very successful use of the CWS Public Relations department to raise the profile of Travelcare both within the industry and to the public, generating substantially more media

exposure than could be supported by our relatively modest advertising budget.

Travelcare management and that of our fellow Co-operative Travel businesses have been active in industry matters and I was honoured in 1992 to be elected President of ABTA, a tribute to the esteem in which the Co-operative sector is now held within the British travel industry.

We could not, however, rest upon our success. In 1991 we commissioned a survey of the market place and we have used the results to help us establish the strategy for our next phase: developing, as opposed to establishing, Travelcare. We have a new look. An identity I believe will take us through the 90's as a modern company within the world's largest industry.

Combining the name Travelcare, as a now accepted travel company, with the Co-op Symbol underlining the security and quality of the organisation. Using the survey we have improved some of the fixtures and furniture within the shops and have slightly amended the colour scheme.

From the beginning, we have placed great emphasis on people and training. This has been a fundamental element in the success of Travelcare, and we see a great future in the industry for a well-trained and well-motivated sales force.

We plan to continue our expansion. The strategy for our next phase of development is for Travelcare to concen-

trate on expanding market share (to increase profitability) and to improve all aspects of service to customers.

We will:

- * Introduce advanced technology at the point of sale;
- * Promote specialist support areas (cruising - business travel - long haul flights);
- * Forge even closer retailer/supplier relationships;
- * Further improve facilities and training for staff;
- * Work even more closely with other Co-operative travel businesses, both in the UK and abroad.

We are now entering another period of rapid change. Since the beginning of this year there has been a rapid and substantial move towards greater consolidation in the British travel industry. In particular, a move towards the vertical integration of tour operators and retail agents.

Thomsons, our biggest operator, has for many years owned Lunn Poly, our biggest travel agent. But in 1993 not only has Owners Abroad, the number two operator, become linked with Thomas Cook through cross shareholdings, but Airtours, our number three operator, has brought the second and fifth largest retail chains - Pickfords and Hogg Robinson.

The opportunities which now exist, not only for cut-throat competition,

but for predatory pricing and limitation of consumer choice will be obvious.

Fortunately the growth of Travelcare over the last seven years has been paralleled by that of other British Co-operative Societies. From our aggregate of under 100 Co-operative retail travel branches in 1986 there are now approximately 400, with a combined share of some 14% of the UK package holiday market.

This makes the Co-operative sector, on aggregate, the third biggest retail travel business in the UK. More importantly, it is the biggest UK-owned and independent travel business, uniquely able to offer the consumer service and advice unbiased by any tier of ownership by a major tour operator.

This is a genuine consumer advantage, in total accord with Co-operative principles which Travelcare and our colleagues in the UK Co-operative movement are working ever more closely together to exploit.

In a relatively short period Co-operative travel businesses in the UK have moved from a position of relative insignificance to that of a major player in the UK travel market. We intend to continue that growth and to continue to improve our levels of customer service in order to not only consolidate, but also to further improve our market position.

Folksam and the Women's Market

by Katarina Apelqvist*

How to increase market share by truly realising the co-operative values of equality and social responsibility?

As co-operators, I am sure we all dream of a business which helps people in the most need to make improvements in their standard of living. But we also dream about a business which gives us a respectable surplus. Because without such a profit we cannot continue to help people to take control over their own lives. These dreams are being fulfilled by Folksam, a Swedish co-operative insurance company.

Folksam was established 85 years ago. It provides general, life and reinsurance cover. Today it is Sweden's largest property insurance company and dominates the collective life insurance market. In 1992 the Folksam Group's Swedish companies had a premium income of almost 12 billion Swedish crowns (approximately 1.5 billion US dollars). Every other Swede has at least one insurance policy with Folksam. Folksam's operations are based upon close collaboration with the co-operative and trade union movements.

* Ms Apelqvist is project leader of Folksam's unit for social research and chairs the ICA Women's Committee.



Throughout the world women are less financially secure, and subsequently have a lower standard of living, particularly when they become sick and old. This is also the case in Sweden despite the fact that 84% of all women aged between 20 and 65 are in paid employment.

For many years, work on improving women's financial conditions and security in Sweden has been fuelled by women activists. This has been supported by politicians, including a growing number of male politicians. A major problem has been that many women have been unaware of their lack of financial security until brutally confronted with it when they divorce, or become ill or old. They have insufficient knowledge about their legal rights and how to improve their financial security.

In line with the basic co-operative principles of equality and social responsibility, Folksam has been active in the field of equality between women and men for many years. It operates equality programmes within the company, in order to utilise all of its personnel's potential regardless of sex, and publishes documents and books by and for women. These aim to increase women's knowledge of finances and law, health and security.

In 1985 Folksam decided to make a conscious effort to focus on women as a direct target group for insurance sales. Emphasis was placed on Marketing, Channels of Distribution, Product Development and Increased Awareness within Folksam.

These efforts are of great importance today both from a financial business perspective and from the perspective of Folksam's image. For example, in 1985 Folksam's market share of newly-issued individual pension policies was 14.1% for women and 12.4% for men.

By 1990 the figures had changed considerably, with the company controlling 25.9% of the women's market and 17.4% of the men's. The most recent figures are from 1991, when Folksam was in receipt of 23.2% of the women's insurance premiums and 17.9% of the men's. The figures for 1991 look even more impressive when the statistics for Folksam's recently-opened subsidiary, Sparliv, which sells life insurance policies at savings banks, are brought into the equation. Together, Folksam and Sparliv had a market share of 43.2% (women) and 28.5% (men).

These figures represent a dramatic increase in the number of pension insurances sold to women. What has brought about such a dramatic increase in sales? The answer is both straightforward and complex.

New gender-specific marketing, based on Folksam's long experience of equality work within and outside the company, was introduced. The same experience was used to develop products of particular interest to women.

The real breakthrough came only seven years ago, when a part-time post was created to study and be in charge of the Women's Market. Today, Folksam has one fulltime female employee at a managerial level working with matters concerning the Women's market. This is a unique post in the Swedish insurance sector, and probably worldwide.

An analysis of the Women's market has been carried out and an action plan formulated, based on the following questions: 'If you want to focus on Women's needs, what will you change in the products you offer, how will you market them, and what kind of information/education will you need to do this?'

A wide range of approaches and activities have been integrated in order to gain more female customers. An important goal is to raise women's awareness of their financial situations and the degree of security which they have. They have to realise their need for improved insurance cover. This means that information and market-

ing initially cover women's finances in a broader sense and that sales efforts are targeted mainly towards different options within the field of pension insurance.

In 1989 Folksam introduced a collective pension insurance product, Members' Pension. The fact that this new insurance, due to its flexible structure and low cost, was of particular interest to women was pointed out in all marketing materials.

Women who had never before considered pension insurance decided to take out a Folksam Members' Pension. By the end of 1992, 86,467 women and 53,298 men had taken out a Members' Pension policy. The total premium income from women was 242,4 million Swedish crowns, and the premium income from men's policies was 147,8 million crowns.

On the whole, the number of female policy holders in Folksam is high, and increasing. The following figures show the development of women's share of overall insurance within some areas, from 1986 to the end of 1992:

Collective life insurance

52% - 60%

Individual life insurance

40% - 48%

Automobile Insurance

22% - 28%

New Ways to a New Market

An important aspect of Folksam's marketing in the Women's Market is to reach women in ways other than

through traditional marketing. Examples of these methods are seminars and lectures on how to plan and manage personal finances.

Seminar goals are to:

- 1 identify women's needs for financial security;
- 2 stimulate the participants' interest in, and knowledge of, relevant legislation and agreements;
- 3 motivate the participants to use their rights and opportunities;
- 4 encourage participants to increase their financial security by using cooperative insurance and banking services;
- 5 urge participants to inform and motivate women colleagues, union members and daughters.

Seminars and lectures are given to different groups of women, often in collaboration with trade unions. Folksam representatives are frequently invited to visit external meetings to give overall legal and economic information.

The opportunity of getting in touch with Folksam's part-time agents for a sales call, free of charge, in their own home, is mentioned. All participants are listed and later contacted by agents.

Lectures are also held to inform Folksam's own organisation about women's situation in Swedish society and what Folksam does, and can do, to improve women's financial conditions. To continue its success within the Women's Market, knowledge and inspiration within Folksam are essential.

Advertising and Sales

Market surveys show that women and men react differently to advertising materials. It is therefore essential that texts and pictures address needs and concerns with which women can identify. The materials must also be written in women's language.

Furthermore, Folksam has learned that women feel reassured by a female sales person and advisor. This is partly because women speak a 'different' language, but also because women have different backgrounds and experiences from men, and therefore see situations from a different perspective. This has led to the setting up of an all-women sales team in an on-going special project in the suburbs of the Swedish capital.

The team, in co-operation with those unions which have a majority of women members, reaches thousands of women of different ages. New approaches such as 'home-parties', and meetings held at workplaces and community centres during lunch breaks and evenings are used.

Trade and Idea Fairs

Folksam also participates in major trade and idea fairs initiated by the Women Can Foundation, which was established by a group of gender-aware Swedish women in the early eighties. The idea of such fairs, drawing attention to female values and skills, is now spreading to other countries in Scandinavia and Europe. These fairs bring together hundreds of women exhibitors and tens of thousands of visitors. In 1988 and 1990 Folksam was one of the main sponsors for the Women Can

trade and idea fair. In 1992 Folksam participated as a minor sponsor, but with one of the largest stands at the fair. At these fairs Folksam also takes the opportunity to give lectures and seminars on women's financial rights and health problems.

The company's activities in the field of damage and injury prevention and rehabilitation are also presented. Participation in these trade fairs has given Folksam's female employees, now 55% of the staff, the opportunity to demonstrate the company's commitment to equality. Over 100 women from Folksam have been involved in each fair, managing the stand and arranging and participating in the company's seminars and lectures. Folksam has also arranged a large internal seminar at each fair, in which up to 400 female employees and a smaller number of men have participated.

Support for Female Employees

The fairs and internal seminars are an important factor in stimulating women employees to develop in the company. These events also pinpoint the essential link between internal equality work and external marketing efforts in the Women's Market.

In the future it is important to involve more women in the marketing and sales process. Folksam tries hard to recruit women and has programmes for increasing the number of women in specialist functions and leading positions. Another crucial factor is training given to the sales force and the rest of the organisation in matters concerning the Women's Market.

Today, Folksam's overall business plan clearly states that the company's personnel and other resources should cooperate closely to provide a combined marketing effort in the Women's Market.

Expanding Market

Folksam feels that its efforts to meet women's needs and gain a healthy percentage of the Women's Market have paid off. However, there is still much to be accomplished. After the recession the number of women within the labour market will increase again. Their financial status will improve and an increasing number of women will start their own businesses. Efforts must be made to cover this expanding market.

Continuous development of insurance products is an important ingredient for future success. Perhaps there is no such thing as a specific Folksam 'Women's Insurance', but that will be analyzed in depth.

Right now potential lies in making minor adjustments to existing products. Such adjustments will certainly strengthen the image of Folksam as the 'Women's Insurance Company' - the co-operative insurance company that develops and markets products on women's terms.

Recent research on women and insurance shows that Folksam was named most frequently among all Swedish insurance companies as the Women's insurance company. This would not have been possible without Folksam's history of long-standing dedication to a wide range of women's issues.

Pioneer for Equality

In the early sixties Folksam carried out a pioneering study on men's and women's attitudes to promotion. The research resulted in an acclaimed external conference on equality, 'The right man and the right woman in the right job', and the book, 'Women's Promotion'.

In 1972 the company formed a committee consisting of employer and trade union representatives. Its task was to investigate how Folksam deployed its employees with regard to sex, age and training. Four years later the management decided to update the study and subsequently in 1978 Folksam got its first written programme on equality: the first full equality programme in the Swedish labour market. Folksam's most recent programme was published in 1989. It comprises affirmative actions in the spheres of Management, Recruitment, Wage Policy and Training/Development.

Folksam thinks that it is very important that the goals are reasonable, measurable and distinct and that there is a timetable, a deadline when the goals should be reached. The deadline for this programme is 1995 and the results are followed up at Folksam's Annual General Meetings.

Job-equality: a strategic marketing tool
In 1992, as a result of more than 30 years of work, Folksam was awarded 1st prize for furthering equality between women and men in the workplace by the Swedish Equal Opportunities Ombudsman and the largest Swedish business magazine 'Veckans

affarer'. It was stated that Folksam's activities from managerial recruitment to finding solutions to everyday problems illustrate that Folksam is a pioneer in the work for equality between women and men in many areas.

Without this internal equality work Folksam's success in the Women's Market would not have been possible. Knowledge gained about the differences between women's and men's terms, values and experiences has been invaluable. The equality work has given Folksam's work in the Women's Market credibility.

There are, in fact, three explanations for Folksam's position in the Women's Market:

1. equality work within Folksam - giving experience and credibility;
2. opinion-building and supplying information through books and con-

ferences in collaboration with Women's organisations - establishing an Equality Profile;

3. gender-specific marketing efforts.

Another significant factor for success is that research in Sweden has shown that women are more inclined to do business with co-operative organisations.

In conclusion, no matter what co-operative sector you work in there are many opportunities to create business in the Women's Market. By meeting women's needs on women's terms you will realise the dream of creating a business which helps those in need to improve their standard of living. You will live up to the basic co-operative principles of equality and social responsibility. You will also ultimately fulfil your dream of a business which earns a respectable surplus.

Creation of Jobs through Workers' Co-operatives - the Italian Experience.

by Alberto Zevi*

The venture that I am going to describe was conceived in Italy at the beginning of the last decade. This was a period troubled with increasing unemployment but also one in which public resources allocated to unemployed were required to be used more "productively".

The premises behind the measure that began to be implemented at the end of that decade were as follows:

- workers who had been removed from productive employment were generally well-qualified, experienced and professional people;
- in many cases they were willing to start a new business venture together with some of their colleagues;
- the vast majority of these workers, however, did not have the necessary capital to start a company and found it very difficult to obtain loans from financial institutions;
- at the same time, an unemployed person can cost the Government a great deal of money;



- the Government not only loses considerable income (such as taxes and National Insurance contributions both from the worker and from the company), but its expenditure is also increased by having to pay unemployment benefit.

If a sum of money equivalent to several months' unemployment benefit was given to the workers, or better still to the companies that the workers would run, and if these resources were sufficient to start a new and vibrant company, then the outcome would be more positive:

- the workers would no longer be unemployed;
- their professional expertise, business skills and experience would not be lost;

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- the Government would be able to control its expenditure and possibly reduce it altogether.

This was the thinking behind the Marcora Law.

The Italian legislator, however, was aware that the founding of new companies (and new co-operatives in particular) could be a complicated business and as a result, the original idea was framed within an important set of rules and conditions.

So that the venture can be fully understood, I shall describe the methods envisaged.

Law n° 49 of 1985 provided for two funds as follows:

- one fund was to make loans (with a lower rate of interest than the market rate) to workers' co-operatives formed on the initiative of workers who had been removed from productive employment;
- the other fund was to make contributions to special financial companies. These companies had to use the contributions to invest in workers' co-operatives, formed by unemployed workers.

It is this second type of intervention that has truly novel aspects.

By using resources from the second fund, the financial companies could underwrite an amount of share capital in the new co-operatives in proportion to the capital put up by the workers (up to three times as much). There was

a limit, which was the amount of unemployment benefit allocated by the Government to a worker over a three year period.

For example, if a new co-operative was formed by unemployed workers and each worker put up a minimum of 2,500 dollars, the special financial companies could underwrite capital to the value of 7,500 dollars per partner. In this way, if there were 10 partners, the new company would be founded with a share capital of 100,000 dollars. Consequently, a new company could be founded with sufficient capital and, provided that it was based on a sound entrepreneurial idea, it could create confidence on the part of banks, customers and suppliers.

A more detailed explanation of the system is as follows:

- workers who have been removed from productive employment and who are going to form a workers' co-operative comprised of at least 80% unemployed workers and whose objective is to buy, in part or in full, a company which is bankrupt (or in crisis) or to develop an alternative activity, can approach the afore-mentioned financial companies to underwrite the capital of the co-operative, to the value of three times the capital put up by the working partners.

The Law also provides for legal entities (that is, other private or co-operative companies, other financial companies etc) to invest in the co-operatives up to a maximum holding of 25%

of the total capital. This has proved particularly important in practice.

Conditions for Membership

- a) each worker has to put up a minimum capital of 2,500 dollars (which roughly corresponds to 25% of the average cost of a worker in industry for one year);
- b) 50% of the capital has to be paid immediately, with the remainder being payable in two years;
- c) the working partners will not be eligible for any other form of income or benefit from the welfare system for a period of three years. In other words, if the co-operative closes down after two years, the

working partners lose their right to unemployment benefit for one year.

- d) after three years, the working partners have the right to buy the shares owned by the financial companies at a price equal to their nominal value;
- e) the financial companies cannot sell their shares before three years;
- f) financial companies can be formed by recognised co-operative organisations and at least 80% of the capital must be owned by other workers' co-operatives.
- g) the workers must submit a technically feasible business plan with a good chance of success.

Results

The results obtained by CFI to date can be seen in the following table:

	1987	1988	1989	1990	1991	1992
Applications	79	112	134	150	160	171
Participating Co-ops	2	10	41	61	84	95
Holdings (in millions of \$)	1.5	5.8	19.1	30.3	39.8	44.2
Sales (in millions of \$)	9.5	35.3	150.0	199.8	225.8	220.0
Persons in work	138	514	1,841	2,358	3,055	3,403

There are currently 105 participating co-operatives with just over 3,700 persons in work.

Most of the co-operatives operate in the industrial sector.

Sales figures show that the co-operatives have been very successful in finding a market niche.

Clearly, not all experiences have been successful. Of the 95 co-operatives participating at the end of 1992, six decided to close down because of losses. However, the percentage of failures to date has been very low. On the other hand, some co-operatives have achieved such good results that several purchase bids have been made.

Reasons for Success

Firstly, the combination of restrictions and incentives has been of particular importance:

- by tying the investment of capital by financial companies to the capital put up by the partners, workers are encouraged to make larger commitments with their own resources;
- the financial commitment of the workers added to the fact that they are disqualified from obtaining unemployment benefit for three years, encourages them to study their business plans in greater depth;
- the relatively large capital required to form a co-operative gives the co-operatives credibility and ensures that they can enjoy relatively good relations right from the start with banks, clients and suppliers.

Secondly, the results described are also due to the fact that in many cases, co-operatives have taken on legal entities as partners, as provided for by the Law. This has been particularly beneficial in that it has given the co-operatives access to expertise that the workers may not have had, such as company management and organisational skills.

Thirdly, it has proved essential that money is not given directly to the co-operatives (by grants for example) but is given instead to the special financial companies formed by co-operative organisations taking on the role of partners. This mechanism has enabled all of the experience gained by the existing co-operative movement to be fully utilised when forming the new co-operatives; it has also eased the entry of the new co-operatives into the networks that are growing up around the various types of co-operative. At the same time, the financial companies have been able to acquire valuable experience and this is resulting in fewer mistakes and a more comprehensive advisory service for the co-operatives on many problems associated with business management.

If the co-operatives are successful, the financial companies can also grow, especially if they have a dividend and if circumstances encourage the sale of shares.

Inevitably there have been problems, particularly at the beginning of the venture. We and the co-operatives have all made many small mistakes and also some larger mistakes. If we

knew then what we know now, we could perhaps have prevented some of the co-operatives from closing down. Experience shows, however, that, important as it undoubtedly is, it is not enough simply to have the necessary capital or a high credibility with banks or customers; it is the behaviour of men and women aiming to manage a company that is the most important factor. If exceptionally strong conflicts arise between them, or if they fail to agree on particular duties or responsibilities (irrespective of the fact that each person has a vote in the assembly), or if they are unable to understand how a

company should be organised, then the company is destined, sooner or later, to closure.

It is for this very reason that as a financial development company we are highlighting the importance not only of capital but also, and most significantly, of the human factor which is the actual driving force within a co-operative.

For more information please contact:
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NTUC INCOME, Singapore - Strategies for Success

by Hans Dahlberg*

Singapore is an island republic in South East Asia with an area of 640 square kilometres. It has a population of about 2.7 million and per capita income of S\$22,800.

In the late 1960s, Singapore was beginning its struggle to become a thriving trading and industrial centre. Economic transformation was necessary if Singapore were to survive as a small independent nation with no natural resources except for its growing multi-racial population.

The promise of greater political stability following Singapore's independence encouraged many workers of immigrant descent to settle permanently in the country. As economic growth was dependent on the contribution of these workers, it was necessary to recognize their socio-economic needs.

At that time, the trade unions affiliated to the National Trades Union Congress (NTUC) had a total membership of 96,000, which represented 17% of the labour force. The political and



economic climate was just right for the labour movement to embark on a modernisation programme that would help the nation gain more momentum for progress. As its workers were the country's only asset it became imperative that their interest should be protected and looked after.

In November 1969 the National Trades Union Congress convened a Seminar on 'The Modernisation of the Labour Movement'. Many socio-economic problems were addressed and, for the first time, the development of the co-operative movement by the trade unions in Singapore was mooted. The then Minister of Finance, Dr. Goh Keng Swee, presented a paper entitled 'The Basic Strategy for Rapid Co-operative Development' in which he outlined four important principles:

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- i The Co-operative must be fully competitive with private enterprise.
- ii The labour movement should develop co-operative enterprises in which it would have a built-in advantage.
- iii The highest standard of integrity must be upheld.
- iv The co-operative must have effective management.

Dr. Goh also suggested that an insurance co-operative could provide a sound financial base from which the labour movement could build other co-operatives.

The idea of setting up an insurance co-operative was received with great support and enthusiasm. There was an obvious long-term need for social and financial security amongst workers, and this was not being met by private insurance companies. These private enterprises catered only for the higher income group, their premiums being too expensive for the working class. As a result only 3% of the population was insured in 1970.

Growth of NTUC INCOME

NTUC INCOME's premium income (for life and general insurance) and total assets over the past 22 years are as follows:

	Premium	Assets
	S\$m	S\$m
1972	1.7	2.5
1982	33.0	120.0
1992	370.0	1,208.0

These were the conditions under which the trade union movement founded NTUC INCOME in 1970, following its historic seminar of 1969. The initial paid-up capital of NTUC INCOME was S\$1.2M (US\$760,000), subscribed mainly by the NTUC and its affiliated unions.

Since commencement of business in 1970, NTUC INCOME has grown to become a leading life and general insurance company. This growth may be attributed not only to the effective management of the company but also to the pioneering spirit and hard work of the trade unions and the workers which they represent. The same may be said of the growth and development of Singapore.

Singapore's economy has performed well during the past few years. For the second quarter of 1993, it registered a 10.1% growth in its Gross Domestic Product (GDP). Growth for the whole year is expected to be between 7.5 and 8%, exceeding the earlier projected growth of 6 to 7%. Growth was spear-headed by the manufacturing and financial and business services sectors. Productivity increased by 7.2% in the second quarter.

The growth rates during this period were:

	Premium	Assets
1972-81	36.5%	50.2%
1982-92	27.3%	26.0%

INCOME's share of the Singapore market, measured in premium income was:

	Life Insurance	General Insurance	Overall
1972	1.2%	N/A	0.3%
1982	9.7%	1.7%	5.1%
1991	12.9%	6.6%	10.3%

In terms of premiums and assets, NTUC INCOME is the third largest insurer in Singapore.

Progress from 1987

For the first 16 years of operation, the emphasis was on efficient administration. This has helped to provide insurance to as many people as possible at an affordable low cost. A wide range of life and general products are offered at a price that is generally lower than the competitors.

The main components of the strategy adopted by INCOME from 1987 can be summarised as follows:

- focus on providing quality service,
- develop products to meet market needs,
- focus on improving productivity, and
- look for continuous improvement.

Quality Service

The emphasis on quality service started around 1987. Several sectors of the business community began to empha-

size quality service as a competitive edge. It was also found that, in general, customers are prepared to pay a higher price for quality. The increased affluence of the population also played a part in the rising expectations of consumers.

It was decided that it would be a good strategy to promote quality service, even though this will initially incur additional costs. The ways in which this is to be achieved are:

- staff training,
- standards of service,
- staff involvement,
- communication.

The training of staff has always been emphasised. In 1990, NTUC INCOME enrolled on a company-wide programme conducted by a national organisation called the Service Quality Centre. Staff at all levels were trained

in the delivery of quality service. INCOME was among the first enterprises in Singapore to embark on this training programme.

Amongst others, standards were established regarding the time taken to settle different types of claims, to answer enquiries and to service a walk-in customer. These standards are not only set: they are also monitored.

INCOME believes that it is important to actively involve the staff in improving quality of service. Since 1987, they have had an active programme of quality control circles which are called work improvement teams. All the staff are involved in team activities, and they meet each month to discuss ways of improving their work.

INCOME actively communicates with its staff, representatives (agents) and policyholders through regular newsletters. It finds this to be effective in cultivating the loyalty of staff, representatives and policyholders.

Product Innovation

In recent years, the market for insurance products has widened quite significantly. Insurance is now being sought for individuals other than the traditional bread winners and there has also been demand for insurance against illness and for investment-linked policies.

In response to these changes, INCOME introduced policies to cater for the specific needs of these groups. These new policies introduced have made an important contribution to the rapid

growth of the life insurance sales in recent years. The ability to provide policies to meet the needs of the market will continue to be an important priority for INCOME.

Productivity

The increased productivity of administrative and sales staff enables INCOME to offer services at competitive prices. Its expense ratio has been significantly below the insurance industry average throughout the past 22 years. This has been possible because of the lower commission rates paid to its agents and smaller management expenses due to efficient administration.

INCOME also stresses the importance of improving the sales productivity of its representatives, who are provided with basic training to help them acquire basic knowledge in sales, insurance and products prior to their appointment. After appointment, the representatives are strongly encouraged to attend continuing training programmes, both in-house and external. Courses include marketing workshops, specialised products and skills development.

There is strong emphasis on training to build up the confidence and image of the representatives, many of whom are part-time agents from the trade unions.

The office also provides a high level of support to representatives. This includes printing quotations, the distribution of computer reports, and access to the main computer to store and view client information, etc.

Importance of Trade Union Network
 In 1970, the NTUC INCOME Development Organisation (IDO) was formed as the link between NTUC INCOME and all the trade unions affiliated to the National Trades Union Congress.

The role of the IDO was to represent INCOME's interest in developing sales opportunities within the union movement and other related organisations. Through the auspices of the IDO, INCOME was able to recruit on a regular basis, part-time sales representatives from the unions, which were encouraged to nominate their members as our organisers. Sales commissions were paid by way of small honorariums, and the resulting savings in cost could eventually be translated into higher returns for policyholders. The IDO has enabled INCOME and the trade unions to pool their resources of technical expertise and manpower to propagate the concept of co-operative insurance.

Through this unique arrangement, NTUC INCOME was also able to maintain its operational expenses at a rate over 10% lower than the industry average.

Various training programmes organised by INCOME were implemented through the IDO to train and educate the organisers. The unions also established their own INCOME Development Committees to assist the IDO in its effort to recruit and motivate the organisers through sales contests, campaigns and promotions.

In 1970, there were 164 trade union members involved in the sales activities of NTUC INCOME. By 1991, the number had increased to 2,260.

Growth in No. of Sales Organisers

Year	Organisers
1970	160
1980	730
1990	2,160
1991	2,260

Over the years, although sales activities were also carried out by a small pool of full-time sales representatives, the volume of sales generated by the organisers continued to form the major bulk of the business. Currently, their contribution is about 60% of sums assured. This is shown in the table below:

Sales Contribution by Organisers in Sums Assured

Year	Total Sale		Sale by Organisers		% of Contribution by Organisers
	S\$M	(US\$M)	S\$M	(US\$M)	
1988	1,187	748	784	494	66
1989	1,130	712	881	555	78
1990	1,419	894	930	586	66
1991	1,594	1,004	960	605	60

Other Contributions

The support of the unions in providing NTUC INCOME with a strong team of sales representatives contributed substantially towards the sales growth. INCOME has the advantage of a large and ready market base because of its association with the trade unions and the network of union branches and delegates established within the same base.

To tap this market, insurance plans which catered specifically for the needs of the workers were designed and promoted. Every effort was made to keep premiums low and affordable. The insurance plans also included attractive benefits which were made possible through the co-operation of the National Trades Union Congress. For example, all NTUC INCOME policyholders were entitled to subsidised dental treatment at NTUC dental clinics. They could also become members of other co-operative societies established by the NTUC, such as a consumer co-operative called NTUC Fairprice which gives rebates to its members on their purchases. Other benefits enjoyed by policyholders included discounts at NTUC leisure resorts and childcare centres. A radio station operated by NTUC has also assisted in generating publicity for NTUC INCOME. New schemes beneficial to policyholders are constantly being evaluated, with active contribution from the trade unions.

NTUC INCOME has also introduced various insurance plans with attractive incentives and low premiums, specially for trade union members and

their families. Such policies, which include medical, term, personal accident and welfare schemes, have become very popular. Some unions have taken up these insurance plans as benefits for their members. They have also succeeded in encouraging many employers to include them as employee benefits.

NTUC INCOME's Social Commitment

The objective of NTUC INCOME was to encourage thrift and self-help through low cost co-operative insurance. As a co-operative society, the business profits of NTUC INCOME could be distributed to its policyholders in the form of bonuses.

INCOME had been able to achieve its objectives because it has never lost sight of its social obligations and co-operative principles. Its success, however, must be attributed to the tremendous support and effort of the trade union movement. In recognising the social needs of workers at large, the trade unions tirelessly promoted the benefits of insurance and brought it to all strata of the society. They formed the task force behind the sales activities of NTUC INCOME and will continue to be a key feature in its sales strategy.

Continuous Improvement

INCOME believes that it is always possible to make changes in order to achieve better results. As mentioned earlier, staff are involved in work improvement activities and make suggestions to improve the work systems. In addition, new technology and new methods are also examined to see if

they can be applied to improve the present systems.

National Awards

INCOME's efforts to improve productivity and quality of service have been recognised at the national level.

In 1988, NTUC INCOME won the National Productivity Award. It was the first insurer to win this prestigious award for its efforts in productivity, computerisation, training and staff participation.

In 1989, it won the National Training Award in recognition of the quality of training of its insurance agents.

In 1992, it won the National Outstanding QCC Organisation Award in recognition of its promotion of the quality control movement in Singapore.

Conclusion

INCOME believes that these strategies will help to ensure long-term competitiveness. Much work is required to see through the successful implementation of these strategies. This has required the commitment of management and the concerted effort of those at all levels of the organisation. It also needs to be sustained over a long period of time.

Although the insured population has increased over the past two decades, there is still a large section of the population which is not insured. The need can never be eradicated and NTUC INCOME is now faced with the challenge of expanding its social role as it continues to work with the labour movement and sustain a mutual commitment to improve the quality of life for all workers in Singapore.

Will Watkins Celebrates 100 Years

by Roy Garratt*

On Sunday, December 5, 1993, the Grand Old Man of Co-operation, William Pasco Watkins, was 100 years of age. Born a mere 50 years after the foundation of the Rochdale Pioneer Society and two years before the formation of the International Co-operative Alliance, Will Watkins has seen the worldwide Co-operative Movement grow to heights undreamed of by the Rochdale Pioneers.

Scholar, administrator, author, lecturer, linguist, diplomat, Mr. Watkins is truly a Renaissance man in an age of narrow specialism. Thousands of Co-operators from all over the world have tapped his wide-ranging knowledge and great wisdom in attempting to resolve the problems and challenges which have faced their organisations in one of the most turbulent centuries in history.

Mr. Watkins was born in Plymouth in 1893 and as a youngster studied in classes organised by the Plymouth society which he joined at the age of 16. His father was an eminent co-operator and young Will accompanied him to co-operative meetings of all kinds. There he met such co-operative giants as Edward Owen Greening, pioneer of co-operative productive societies,



William Maxwell, Scottish co-operative leader, J. C. Gray, whose ideas of a national co-operative society are again being debated, and Thomas Blandford, another great pioneer of co-operative productive societies.

Will trained as a teacher and gained a London University degree in Philosophy and Economics. After service in France during the first World War, he took up a research scholarship offered by the Co-operative College, Manchester, and the Co-operative Reference Library, Dublin, to study the relations between the consumer and agricultural co-operative movements in Britain. In 1920, he became a tutor at the Co-operative College and published his first book - a translation of Poisson's "Co-operative Republic".

* Mr Garratt is the Curator of the Rochdale Pioneers Museum.

Later, in collaboration with College Principal Professor Fred Hall, he wrote a classic work - "Co-operation" - which for 25 years was the Co-operative Union's official textbook on the subject.

In 1929 he joined the International Co-operative Alliance to help to edit its publications and direct the International Co-operative School. From 1940 to 1946, he worked on the editorial staff of the Co-operative Sunday newspaper "Reynolds News".

Then came a dramatic development in his career - he was appointed Adviser on co-operative organisations to the British element of the Control Commission for Germany.

As an intermediary between German co-operative organisations and the military government, he took a leading part assisting the rehabilitation of retail co-operatives, the restitution of their property, the reconstitution of their central federations and the re-establishment of the Central Co-operative Bank. When his service with the Commission concluded, he was retained as Adviser by the new German Co-operative Movement.

Returning to Britain, he was appointed in 1951 as Director of the International Co-operative Alliance, serving 12 years and retiring in 1963. These were strenuous years for the ICA when ideological struggles between the Western and the Communist countries reached a climax. Will Watkins played an outstanding role in keeping the Alliance together whilst at the same time insisting firmly on adherence to basic co-operative principles as a criterion of membership.

In 1959, the great service Will had given to the German Movement was recognised by the Federal German Republic which awarded him the Grand Cross of Merit.

Will has been just as active in the service of Co-operation since his so-called "retirement". Co-operation has been his life and it is little wonder that for many years Co-operators made their way to his charming home in the village of Long Compton, Warwickshire, to seek his advice, tape-record his reminiscences, persuade him to speak at weekend schools or write articles.

It caused something of a sensation when it was learned that the 90 year old Will was preparing a book on Co-operative Principles but that it was not the Rochdale Principles he had in mind. To him the Rochdale Principles were not really principles but very good practical rules arising from the "real" Co-operative Principles he would define in his book. Such a book was indicative of the man - a co-operator not willing to kowtow to tradition or dogma but prepared to be innovative and even somewhat irreverent in his thinking.

When the book "Co-operative Principles - Today and Tomorrow" appeared in his 92nd year, it was greeted with acclaim and became a co-operative best seller. It was soon translated into Spanish, Finnish and Japanese.

Will is now living quietly and happily at a nursing home in Oxfordshire. Visitors continue to comment on the centenarian's youthfulness of spirit and acuteness of observation. As he looks out from his window onto the Oxford-

shire countryside, what a galaxy of memories must course through his mind. He does not need to read about the Co-operative Movement in the days of hansom cabs and gas lamps - he was there and actually experienced the co-operative life of those times! Then again he was still busy writing and teaching on the advantages and problems of Co-operation when spaceships were being built and Neil Armstrong set foot upon the moon.

Will does not see Co-operation through a golden haze of nostalgia and sentimentality. He is a realist to the core and does not take the Movement for granted.

Looking to the year 2000, Will thinks that Co-operation will survive but only if you add a caveat to that assumption. "I will not use the future tense, he declared, "It will survive but you must add the word 'if' and not just assume it will". Many of the difficulties the international Co-operative Movement is facing and will face are of its own making, he adds, by postponing necessary tasks and indulging in exasperating complacency.

He says that the Rochdale Pioneers displayed an extraordinary dynamism, boldness and breadth of vision in developing the Co-operative Movement. That same get-up-and-go spirit must



be displayed by the Co-operators of today if their Movement is to enter the 21st century with any prospect of success.

But whilst not resting on the Movement's laurels, we in turn can point to its many achievements and beneficial influence all over the world in the past 100 years. Will Watkins' contribution to making those achievements and that influence a reality has been outstanding throughout his long working life.

Review of International Co-operation 1994 Subscription

The annual subscription rates for the ICA Review and News have gone up to CHF 72.- mainly to balance the enormous increases in postage rates. The subscription includes three issues of the Review presenting in-depth articles on vital developments within the co-operative movement and the Annual Report which offers a yearly update of the work in the Secretariat, Regional Offices and Specialised Bodies. For the same price you will also receive six issues of the ICA News, giving the latest information on the activities of member organisations and co-operatives worldwide.

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Book Reviews

Training for Co-operative Leadership

A Study of SCC's International Co-operative Seminars, 1962-1983 published by the Swedish Co-operative Centre, 103 pp, ISBN 91-972181-0-3.

From 1962 to 1983, the Swedish Co-operative Centre (SCC) conducted a series of International Co-operative Seminars (ICS) in Sweden. Participants were board members and staff of co-operatives in Africa and Asia. Altogether 512 co-operators from 36 countries benefited from the training scheme which was implemented in collaboration with ICA's regional offices in those regions.

Having received numerous requests to revive the training programme, the SCC decided to carry out a study in order to ascertain its impact on co-operative development in the two regions in general and on co-operative leadership in particular. The terms of reference also called for an assessment of present and future needs for such training, and of SCC's role in this process.

The sources of information included available documentation and statistical data on the seminars. In addition, two evaluation seminars that brought together previous participants were conducted in collaboration with ICA's regional offices.

The study, which was recently published by the SCC, traces the origin of the ICSs to the ICA Congress in Stockholm in 1957 which highlighted the need for assistance to co-operative development in developing countries. The need to streamline ad hoc arrangements for study visits to Sweden, and the "Without Boundaries" Fund which made the leadership training programme financially possible, also contributed to the decision to launch the programme.

Although interpreted and applied differently over the years in order to increase the relevance and effectiveness of the programme, the original objectives remained unchanged throughout the duration of the programme; i.e. leadership development, co-operative networking, and technical assistance mobilization.

What makes this study particularly interesting is that it covers a period of over 20 years. The changes in the programme in terms of participants, contents, methods and purpose thus also reflect prevailing thoughts and changes in "development thought" (one of the

reasons for its eventual discontinuation was that such courses went "out of fashion" in donor circles").

Adjustments were made in the programme to increase its effectiveness and relevance. These adjustments were based on feedback and suggestions from participants and counterpart organisations in the field, particularly through the increased collaboration with ICA's regional offices. The fact that SCC continually acquired new experience and knowledge of the conditions for co-operative work in developing countries also affected the programme.

One such change was a shift from the early rather ethnocentric approach which was not unusual among donors at the time, (the title of the first seminar was "Swedish Co-operation"), to an increased emphasis on relating the Swedish experience to conditions in the participants' countries. In recent seminars the participants consequently prepared Action Plans that were submitted to the authorities on the return to their home countries.

Other modifications pertained to the programme design that went from the general to the more specific and from the academic to the practical. The seminars also became gradually shorter, and there was an increased participation of women.

After having dealt with the major trends and developments in the seminar series in terms of objectives, programme design, teaching methods, etc., the study sums up the results or

impact of the training programme. It is on these findings that it finally bases its recommendations for the future involvement of the SCC in leadership development.

The study cannot provide clear cut answers to questions about the exact impact the seminars have had on co-operative development in the participants' countries. There are far too many other variables that influence co-operative development for such conclusions to be drawn. Neither is it possible to determine whether alternative ways of spending the money would have yielded better results. However, the study concludes that there is reason to believe that they did have an impact at least on the participants and their organisations.

The study also states the case for more leadership training, and suggests that the SCC should revive its support to this programme which should be designed as an integrated part of local plans and strategies pertaining to organisational development.

The study presents a wide range of data/information that provide interesting reading for people and organisations that are involved in co-operative training. That there is a tremendous need for leadership training especially in these days of turbulent change, no-one can deny. This SCC study shares with us valuable experience and information that may improve the design of future programmes.

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This publication is also available in MICROFORM. For information and purchase apply directly to XEROX-UNIVERSITY MICROFILMS, 300 North Zeeb Road, Ann Arbor, Michigan 48106, USA.

The Review of International Co-operation is also available in Spanish from the ICA Co-operative Ltda., Moreno 1733/41, 1093 Buenos Aires, Argentina.

Printed by SRO-KUNDIG SA, 1219 Châtelaïne, Geneva

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