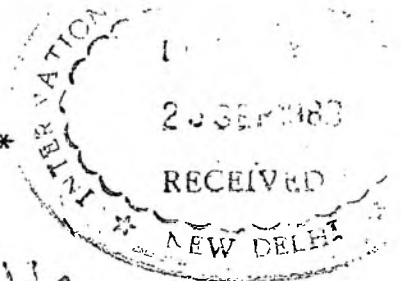


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MARKETING BUSINESS OF AGRICULTURAL  
COOPERATIVES IN JAPAN



Title

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FINAL REPORT ON "GROUP TRAINING COURSE IN AGRICULTURAL  
COOPERATIVES" UNDER THE COLOMBO PLAN, JAPAN, MAY 12 to  
JULY 11, 1983.

Note  
Section

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MARKETING OPERATIONS OF AGRICULTURAL COOPERATIVES IN JAPAN

Introduction

Agriculture is the oldest and the primary economic activity known to man. Over the centuries, men in different climates and soils, have contributed to improve the manner and means of agricultural production. In the 20th century, with rapidly growing needs due to population explosion and industrialisation leading to machanisation of farming, agricultural production and productivity have reached unprecedented levels. But this increased farm output has not necessarily led to bettering the lot of farmers everywhere. The huge agricultural produce needs to be marketed at remunerative prices. With their scattered location all over the countryside, their illiteracy and weak financial position, farmers have been easy prey for the exploitative middlemen with tremendous economic and political leverage. It is in this crucial sphere of economic activity, namely marketing of agricultural produce, that the Japanese people have achieved their most notable success in modern times. In this report we propose to study the Japanese agricultural cooperatives to analyse the causative factors for the success of their marketing operations.

General Outline

Japanese archipelago has an area of approximately 37.76 million hectares. The climate is generally mild and the four seasons are quite distinct. Owing to mountainous topography, arable land is only 15% of the total, of which 43% is accounted for by paddy fields. The total cultivated land is 5.46 million hectares, divided among 4.46 million farm households, giving an average land holding of only 1.22 hectares.

Only 5.43% of the population is fully engaged in agriculture while 9.9% of the total work force is in the agricultural sector. On the other hand annual value of agricultural production is 11,564 billion yens which is only 3.1% of the total net domestic product of Japan.

This clearly shows that economic returns from agriculture are not as attractive as from the non-agricultural occupations. This has led to the phenomenal growth of part-time farm households which account for 86.6% of the total farm households.

The above perspective of Japanese agriculture in the overall national economy brings out the need and importance of marketing agricultural produce at remunerative prices to maximise returns on investments as well as to protect the Japanese farmers from economic exploitation by the more powerful non-agricultural sectors.

This has been attempted by organising the farmers into cooperatives at the village, town or city level and to integrate these cooperatives at prefectural and national levels. Cooperatives began to be established in Japan after 1900 when the cooperative societies law was enacted. It was really after the World War II that these were reorganised and managed on cooperative principles to meet the needs of member-farmers who were getting ownership of land through post-war land reforms. This was followed by a period of turmoil and transition when the cooperatives suffered management difficulties due to business losses and debts. The government intervened with various schemes for rehabilitation and amalgamation of cooperative's to put them in sound economic condition and make them viable.

At present, there are 4546 primary multipurpose agricultural cooperatives and 5295 single purpose cooperatives, totalling 9841. 33.4% of multipurpose cooperatives have membership of less than 500 households, 51% between 500 - 1999 and the remaining over 2000. The former are engaged in the activities of marketing various agricultural products, input supply, credit, mutual insurance, utilisation, processing etc., based on advisory service to members for their better farming and living comprehensively to meet all their necessities arising from their production and consumer lives. The single purpose societies are organised to concentrate on the marketing of specialised agro-commodities such as fruits and vegetables, sericulture, livestock raising etc. Almost all their members are concurrently members of the multipurpose agricultural cooperatives which form the main current in Japanese agricultural cooperative movement.

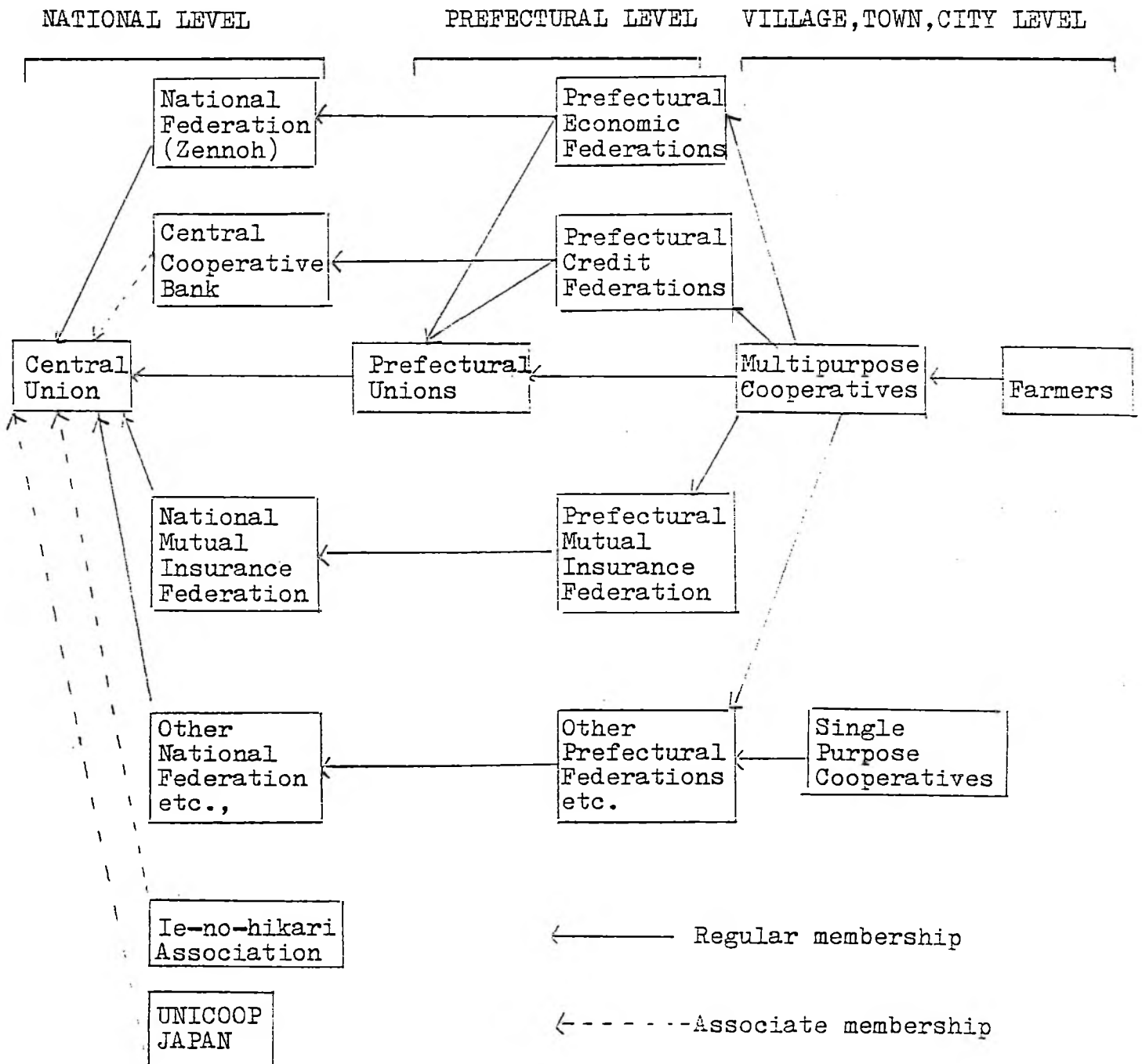
The primary agricultural cooperatives, both multipurpose and single purpose, have their respective prefectural federations at each of the 47 prefectures, organised according to their specific functions such as credit, economic, insurance welfare etc., There are in all 761 prefectural federations. These are again integrated into 24 national level federations. The vertical integration of cooperatives is distinct for multipurpose and single purpose cooperatives. While single purpose cooperatives can be federated only into their respective functional federations, the multipurpose cooperatives can be members of more than one federation depending upon its activities.

All the prefectural federations are also members of their respective prefectural unions.

At the apex of the cooperative movement in Japan is the Central Union of Agricultural Cooperatives (CUAC). It is a nation-wide organisation and its members are primary societies, prefectural federations and unions, as well as various national federations. It not only engages in services such as guidance, coordination, investigation, education information, auditing etc, but also represents the interests and will of the agricultural cooperative movement in Japan.

(Chart 1 represents the structural outline of the agricultural cooperative government)

Chart 1



## Integrated Approach of Multipurpose Societies

In 1906, the basic concept of multipurpose societies was accepted when the credit societies were authorized to perform the additional function of marketing business. Today marketing of agricultural produce has become the pivotal function for the agricultural cooperatives and the other functions are integrated to provide a full range of services for the member farmers to cover all his economic and social needs. Thus the multipurpose agricultural coops perform functions in the areas of credit, purchasing, marketing, insurance, processing, utilisation, education and guidance.

a) Ways of integrating various economic activities for increased agricultural production and farm income are follows;

- i ) Guidance service on formulation of farm management improvement plan based on regional and individual conditions.
- ii ) Procurement of funds for its implementation
- iii) Establishment of facilities required for plan implementation and supply/purchase of production materials.
- iv ) Guidance on effective use of the production facilities, materials and techniques.
- v ) Grading, assortment, processing and packaging of products
- vi ) Joint shipment and marketing
- vii) Collection of marketing proceeds and settlement of payment

b) Ways of integrating of various activities to contribute to the improvement of living standards;

- i ) Guidance service on formulation of long term and short-term planning for home life improvement
- ii ) Savings to meet household expenses in immediate and distant future

- iii) Supply/purchase of consumer goods and establishment of facilities required.
- iv) Correct use of consumer articles and facilities

This approach is a special feature of the Japanese cooperatives and is based on a very elaborate data base, extensive use of sophisticated technologies like computers for demand and supply analysis, heirarchy of services to be performed by various levels of cooperatives, research and development, resources and efficient management systems.

### Agricultural Marketing

Japanese agriculture is rather homogeneous. The Japanese farmers basically produce three major agricultural commodities:- Rice, fruits and vegetables and livestock and dairy products. Of the total agricultural production of 10,708 billion yens in 1979, rice accounted for 33.7%, fruits and vegetables for 26.9% and livestock products for 25.6%. Discounting for personal consumption and limited marketing by special single purpose cooperatives, bulk of this produce was marketed through the three-tier system of multipurpose cooperatives, their prefectural economic federations and Zen-Noh.

To achieve high degree of returns and their equitable distribution between the three levels of cooperatives and member farmers, three basic methods of (a) Unconditional consignment (b) commission system and (c) pooling account system are followed by the cooperatives. A more detailed analysis of the commodity-wise marketing operations is given below.

### Marketing of Rice in Japan

Rice is the staple food in the country, hence the most important agricultural product in Japan's economy. For this reason, its production distribution <sup>are</sup> and programmed by the government through its food Control law in February 21, 1942. The objective of the law is to control foods, their prices and distribution in order to secure foods of the people and stabilize the national economy.

The government purchases the quantity which it considers necessary to buy and control. In 1980 figure shows that rice purchased by the government amounted to ¥ 1,084,257<sup>million</sup> and rice sold to wholesalers amounted to ¥ 857,730<sup>million</sup>.

In terms of price fixing, the government fixes a purchasing (producer's) price, taking into consideration production costs, prices and other economic conditions, in order to secure re-production of rice. However, producer's price is calculated with a view to compensate production costs and income of rice producers. Nevertheless, we found out that producers price is far higher than in our countries. It is almost 8 to 10 times than in our countries.

To cut over production of rice the government encourages planting of other agricultural products such as fruits and vegetables. But most of the rice producers were not so active in producing non-paddy crops in 1972 - 73. The government policy further accelerate an increase of part time farmers. This is a natural tendency because farmers want to cover the income loss from production control by getting other income from non agricultural sector.

The total area planted for rice in 1975 and 1980 are 2,719,000 and 2,350,000 respectively. It shows that in terms of area planted and production (quantity) it decreases.

Furthermore, Zen-Noh handles the distribution efficiently. They operates storage facilities and polishing plants. In rural areas, modern grain elevators and rice centers are being built and operated by local coops in order to streamline distribution.

For marketing of rice, members utilize their local cooperatives, Local cooperatives utilizes the upper echelon prefectural federations and the National Federation. Products from individual members are collected under the vertical system on a consignment basis. Producers of rice consign their products for voluntary (free ) distribution to the central collection organization (registered) through registered collection dealer and prefectural organizations.



Distribution of free marketable rice between wholesalers and relationships between consumers are treated as rations. We observed that free marketing of rice is now almost as high as the government rice. This happened because the government to some extent subsidize part of the consumer's price and is not in a position to procure the total quantity produced because of limited funds.

Figure 1 shows the distribution system for rice in the country and the position of agricultural cooperatives vis-a-vis private and government purchasing/selling operations.

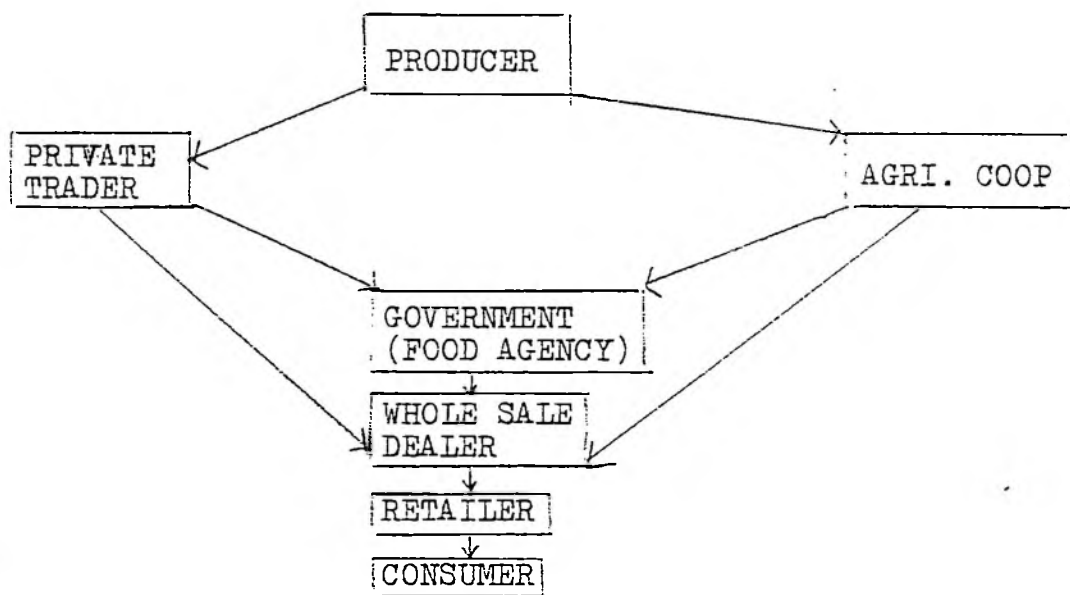


Figure 1

Figure 2 shows the flow of payment to the member farmer through their savings account to the cooperative.

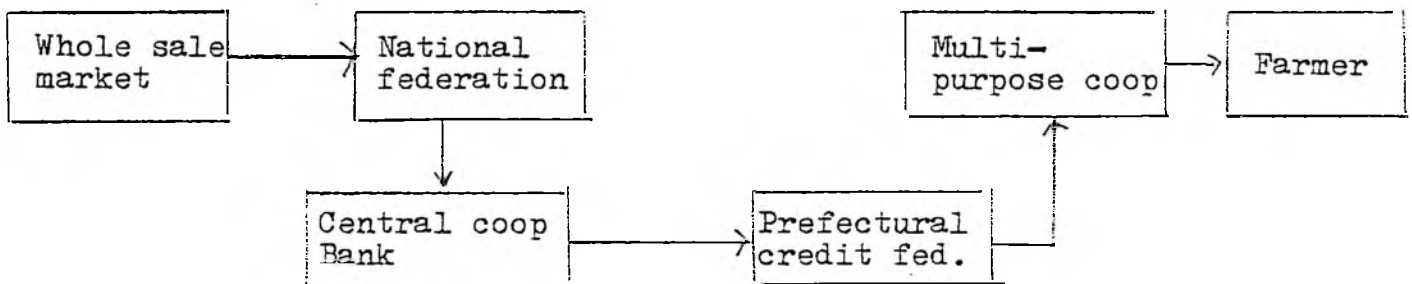


Figure 2

Fruits and Vegetable Marketing

Japan's requirements for almost all vegetables and fruits are satisfied by domestic sources. The commodities accounted for 23.2% and 26.9% of the total agricultural output in 1978 & 1979, second only to rice. The self-sufficiency ratios were 97% and 85% for vegetables and fruits respectively for the year 1979. The trend has been toward the increase in the recent time. Vegetables and fruits marketing accounted for 21.7% of the total amount of marketing turn over of the cooperative in the 1978 fiscal year.

The bulk of fruits and vegetables collected by primary agricultural cooperatives are sold on the national market through the prefectural economic federations and the National Federation otherwise known as ZENNOH. Some, however, will be sold on the local market.

Farmers collect their commodities at the collecting centre provided by the cooperative where joint growing, standardising and shipments are carried out. There were 2130 collecting centres at 1978 fiscal year. He unconditionally entrusts marketing of his produce, jointly with those of other farmers, in the hand of his cooperative. He cannot designate price of sale, time and the purchase. This system enables the cooperative to collect produce in large volume and thereby have a greater bargain power at the wholesale markets. This unconditional consignment is observed at the respective level of cooperative - i.e primary, prefectural and national level. A predetermined commission is charged by the cooperative for handling the farmer's produce. Payment is done through the Central Cooperative Bank and the Prefectural Credit Federation to the cooperative which in turn credit this to the saving accounts of the farmer. This is effected after the produce have been finally sold out at the wholesale market. But farmers desire to receive money as soon as possible, therefore, there is the tendency for the farmers to sell his goods to the merchant who will pay immediately or even made advance payment. In order to safe-guard this trend, cooperative nowadays pay the farmer a certain amount that is almost equivalent to the producer price and after the commodity is sold out, the final payment is done.

Appendix I indicates the flow chart of the fruits and vegetable market and the money.

The wholesale markets are established by the local authorities under the wholesale market law and with the approval of the Ministry of Agric, Forestry and Fisheries. The facilities are provided by the municipalities. As at 1978, there were 140 vegetables and fruits markets in Japan with 9 located in Tokyo, the rest being located in 42 other cities throughout the country. Kanda Fruits and vegetables wholesale market in Tokyo is the largest with about 6 wholesalers including ZENNOH designated (A). Zennoh's share of the fruits and vegetables market was 27% in the 1980 fiscal year while the rest went to the private wholesalers who were appointed and authorised by the Ministry of Agriculture, Forestry and Fisheries

Prices of fruits and vegetables are fixed in the wholesale market by auction, through bidding or by negotiation, to the middlemen and other participants in the wholesale markets. Commodities have to be shipped to the market and physically displayed during auctions, and also at the end of the day commodities must be sold out or otherwise disposed of, as there is no storage facilities provided at the wholesale market. And because these commodities, especially vegetables are highly perishable, their prices tend to fluctuate sharply and frequently. This is where the national federation plays a vital role by providing market information to the cooperative thereby adjusting shipment to meet the market demand. Zennoh studies the market situation, make precise judgement and give instruction on how much to bring to the markets. This is highly commendable and appreciated. Zennoh also provides packaging materials and sets standard to the cooperatives for effective and efficient handling.

In addition to the wholesale market participation, Zennoh maintains chains of distribution centres which provide direct access to retailers of fruits and vegetables including super market and consumer cooperatives. This is termed "out-of-market" distribution. This ensures that farmers get a fair price for his product and consumers get fresh fruits and vegetables at a reasonable prices. It is hoped that this distribution system could be vigorously pursued in the future.

The National Federation of Horticultural cooperative (N.F.H.C) is also involved in the promotion of marketing as well as political affairs on fruits and vegetable agriculture and also function to instruct the fruit delivery management on the domestic market. It is also involved in export of oranges and apples. All the members of the multipurpose agricultural cooperative are concurrently members of the NFHC. This cooperative is also observable at both primary and prefectural levels and more so for fruits than for vegetables.

In the marketing of certain fruits and vegetables, cooperative operates a pooling account system. The producer price & stand<sup>ards</sup> are determined jointly at the beginning of the period and this is paid to the farmers upon delivery of the goods to the specified warehouse of Zennoh. The latter then negotiates for the buyers and after the goods are sold out, the difference of the selling price and the paid producer price is shared amongst farmers after the commission charges have been deducted. This system ensures steady income for the farmers. Payment is also done in this case, through the Norinchukin Bank.

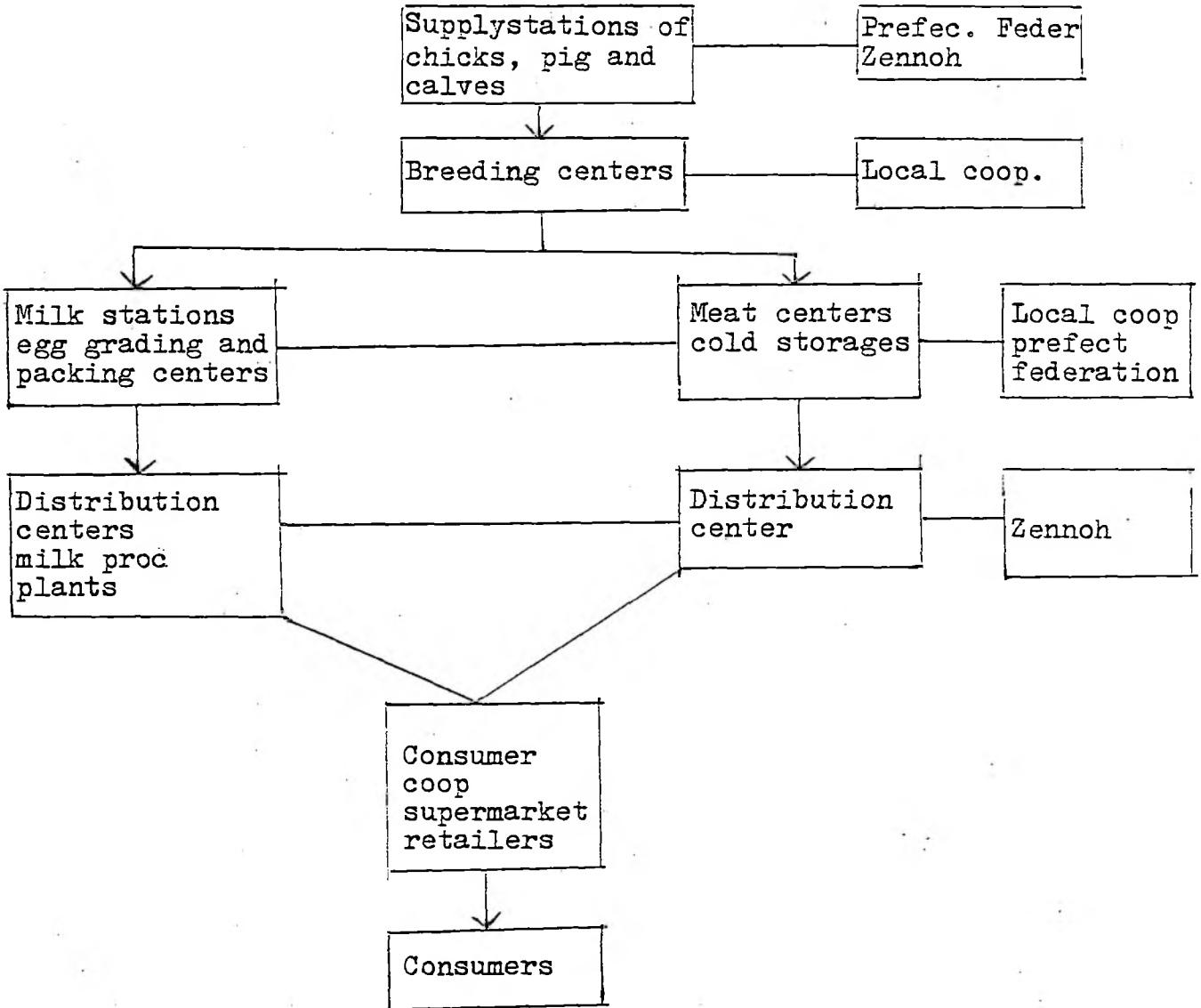
The prefectural economic federations and the primary cooperative provide facilities for effective marketing of the farmers good. Ware houses & marketing centre are provided by the primary cooperative while transportation and processing facilities are made available by the prefectural economic federation. As at 1978, there were 1272 fruits and vegetables grading house, 478 storage facilities 2130 collecting centres, 498 cold storage facilities and a number of lorries for transportation. All these are right steps in the right direction towards effective and efficient marketing of vegetables and fruits.

Also it could be observed that Zennoh share of vegetables and fruit wholesale market of 27% is rather too low to allow it to fulfill the faith and confidence repose on it by the vast majority of Japanese farmers on the marketing of their produce.



MARKETING BUSINESS LIVESTOCK

I Marketing Channel Distribution Systems



The total livestock prod. including dairy beef cattle, pigs, eggs and fresh milk ( 19th ) was 2,742 bil ¥ making 25.6% of the gross agricultural production in the country .

Of this the multipurpose coop. undertook marketing to an extend of approximately 1386 bil ¥ to help and encourage its member farmers to expand their livestock production and meat supply. Zennoh supplies them with compound feeds, baby chicks, pigs and calves for fattening. Zennoh supplies calves for breeding and frozen sperm for artificial insemination for improving livestock breeding as well as provides information on the up-to-date breeding techniques.

Meat and eggs are graded and packed at co-ops' facilities or Zennoh distribution centres before shipment to consumers. In order to concentrate on the work abilities of products, livestock raising are organized in single-purpose agri. cooperatives, but almost all of their members are concurrently member's of multi-purpose cooperatives

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	Livestock production (1982)	Self sufficiency ratio	Consumption year
Milk cow	6,610,232 liters	84.0%	56.5 liters
Beef cattle	470,717 ton	83.3%	3.87 kg
Pigs	1,395,843 ton	100.0%	11.92 kg
Horses	3,917 ton	6.45%	0.02 kg
Hen & chickens			
Layers	1,999,542 ton	100.0%	249 eggs
Broilers	1,567,013 ton	100.0%	13.39 kg

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#### Distribution Centre

To advance their marketing activities primary agricultural coop. economic federations and the National Federation all have and operate distribution facilities of their own, such as distribution centres. Consumers need in adequate and constant supply of fresh farm products. In order to meet their needs, Zennoh is carrying on its efforts to strengthen a new distribution channel which provides Zennoh with direct access to retailers including supermarkets and consumers coops.

Some distribution centres have been set up from these centres, numbered two in the Metropolitan area and one in Kinki area.

Zennoh is shipping various fresh and processed farm products directly to such customers.

By the way, while the products collected by primary societies are processed and sold in the national market through the prefectural economic federations and the National Federation some will be sold in the local market.

In addition to this, products are sold to factories, hospitals or restaurants on a contract basis and in forms of direct sales.

More recently such as vegetables and fruits, there has been an increasing tendency for direct transactions to be made with consumer's cooperatives. Marketing business the basic method used by livestock cooperatives is commission system about 1.5%. Sometimes, the pooling account system can be used such in case of broiler marketing.

#### Comments

##### 1. Broiler Business and livestock (Beef) Business

Most of broiler production is carry on by private companies and cooperatives in Japan must take a look in this by important sector of the Japanese agriculture.

The government of Japan must encourage farmers to produce more and more broiler meat rather than private raising beef cattle. On one hand to produce beef in such small country like Japan is not viable because the production costs are so high ( confined system) comparable with cattle raised in the United States and Australia and on the other hand it takes at least 3 years fattening calves. Broilers meat is produced in 50 days and the production costs are less than beef. Broiler meat has higher quality protein than beef meat and is lower in fat contents (Cholesterol). The consumption/capita/year (13.3kg) is too low when comparable with Israel (42kg) and United States (28kg).

##### 2. Eggs Business

They need to improve quality control on egg production such as we seen in vegetable and fruit production.



Eggs needs to be kept in refrigerator since it is layed, during shipment and also in the sales centers. Mineral oil should be sprayed at farm level to seal eggs poses, preventing dehydration and bacteria infection..

In order to maintain constant supply to the consumer centers is necessary to move eggs production farms from the urban area to a very isolated area to avoid some diseases or construction of closed chicken house with environment control

### 3. Pork Business

They are putting more emphasys on meat type animals in order to have less fat. It is necessary to increase pork meat consumption because in these days people are paying more atention on their health (Cholesterol = heart problem).

### 4. Single purpose Agri. coop      multipurpose Agri. coop on livestock production and business

Because it is a very specific sectors, such as beef cattle, pigs and chicken, like we said before livestock cooperatives are organized such a single purpose coop to concentrate in the market of the products from these sectors. By the other hand, almost all of their members are concurrently members of multipurpose agricultural cooperatives and 1387 single purpose coops.

The Role of Computer in Agricultural Marketing

Computer utilization in agricultural cooperatives in Japan began in 1965. It was introduced for the purpose of nationalizing this clerical work, cutting expenses and promoting planned production and marketing of farm and livestock products. Their computerization efforts came in response to the ever increasing volume of work and the diversifying requirements by their members. It was in the 1970s that computers came to be used widely and rapidly by agricultural cooperatives.

From the national survey on "computerization efforts by agricultural cooperative" on April 1, 1980, it has shown that 85.3% of agricultural cooperatives used computer in some way. Some cooperatives have their work handled by computers at the prefectural union, prefectural credit federation of agricultural cooperatives or an independent prefectural computer center on a consignment basis. Others have introduced their own computers. In any cases, the survey made clear that an overwhelming majority of agricultural cooperatives in Japan make use of computers to deal with their business.

How computers are used by agricultural cooperatives

(As of April, 1980)

	Coop.using computers	Rate of Usage (%)
	554	55.4
Used independently	536	11.9
Used jointly with other co-ops	69	1.5
Bloc computer center	35	0.8
Agricultural control center	182	4.0
Prefectural Union	211	4.7
Prefectural Credit Federation	1,550	34.5
Prefectural Economic Federation	438	9.7
Prefectural Insurance Federation	94	2.1
Prefectural Computer Center	1,056	36.8
Regional Federation	22	0.5
Commercial Computer Center	231	5.1
Total	5,024	(112.2)

Note: Total number of cooperatives includes duplicates

Consignment of Marketing and Purchasing Business

Data Processing on Prefectural Level (As of April 1, 1979 )

Consignees	No.of prefectures	No.of Co-ops.	Online	
			No.of prefecture	No.of co-ops
Pref. Unions	3	153	1	38
Computer Centers	19	814	4	227
Pref. Economic Federations	15	438	1	11
Pref. Credit Federations	1	11	0	0
Total	36	1,416	6	276

Note: Number of cooperatives includes duplicates

Farmers can market their rice, vegetables, fruits, meat, milk, eggs and many other farm products in well planned systems through local agricultural cooperatives of which they are members.

At the national level, Zenroh handles such commodities in coordination with local co-ops and their prefectural federations.

The online real time data processing system plays the significant role in marketing system. Its most important duties are;

1. Analysing demand in advance which is the advantage of the farmers for this farm management.
2. Collecting supply and adjusting it by transferring excess from one wholesale market to another which their demand excess.
3. Price determinating is made efficiently in the short time and distributed, through the mass media, all over the country.

Causative factors for Japanese success

A review of the marketing operations in the foregoing chapters reveals the causative factors for the success of Japanese cooperatives in fulfilling their objectives of safe guarding the interests of their member farmers and getting for them remunerative prices for their products. These are;

- 1) Homogeneity of agriculture in Japan
- 2) Integrated approach to multipurpose activities by the agricultural cooperatives
- 3) Establishment of a heirarchy of services and facilities by various levels of cooperatives
- 4) Sophisticated management systems adopted by cooperatives
- 5) Collective bargaining and governmental support
- 6) Members faith in cooperative ideology and total support to their cooperatives

*rice, fruits, vegetables,*

A comparison of these factors with reference to our respective countries shows that while some of these are present in our systems, but none of our countries has all these factors to contribute to the success of agricultural coops. A brief discussion of these factors with special reference to our countries is attempted below.

1) Homogeneity

Japan is a small country and its cultivated land is only 15% of the total. Only three basic agricultural commodities - rice, fruits and vegetables and livestock products - are produced here. This gives a tremendous commonality of interest to all the farmers. Their production material requirements and marketing needs are very similar and the agricultural cooperatives have specialised in these over the years. In our countries, some of them with huge extents like Brazil and India, there is tremendous diversity in cropping patterns in the villages. Apart from the staple food crop of the area - wheat or rice - practically each village producers widely differing crops like sugarcane, tobacco tea, cotton, groundnuts, and bananas etc., Each of these crops require different expertise for handling, marketing, processing etc and the cooperatives are not in a position to perform such multifarious functions.

2) Integrated approach

This is a special feature of the Japanese cooperative movement. Through advance planning at regional and individual levels, farm guidance, credit and marketing tie-up, provision of production facilities and techniques, etc., the cooperative regulates and safeguards the interests of its member farmers.

Similar other services for better living activities are also provided to the members. Through amalgamation of societies, the Japanese cooperatives have achieved scale merit and are able to provide these services on profitable basis. This approach also facilitates day to day contact with the member farmers which helps the cooperatives to win over their confidence and make them trust their cooperatives more, particularly at the time of marketing of their produce. In our countries, although law permits multipurpose activities by cooperatives but historically separate societies have been established for credit and marketing.

Other activities like insurance, farm guidance, home improvement guidance, etc. are not undertaken by agricultural cooperatives. Only in recent years, some efforts have been made in India and Philippines to have multidimensional activities for village level cooperatives but the pace is very slow.

3) Hierarchy of services and facilities

In terms of marketing operations alone, this is probably the most important factor for its success. The three levels of cooperatives provide different services and facilities in the overall marketing strategy. The village level multipurpose societies provide credit guidance, inputs etc. In addition they provide basic storage, grading and packaging facilities as well as primary processing for rice. The prefectural level economic federations provide agro inputs and farm machinery, consumer goods. At the same time they establish distribution centres, processing units and large size storage facilities to help market agricultural produce. They also collect and disseminate market intelligence on demand and supply to the primary societies to enable them to de better marketing capability.

At the national level, Zennoh undertakes large scale purchases and uses collective bargaining strength to the advantage of agricultural cooperatives. It imports required feedstuffs, fertilisers and other commodities as well as acts as the apex body for production control and regulation through supply of data and market intelligence on changes in demand and supply.

On the marketing side, it provides market intelligence for marketing of fruits and vegetables, livestock and dairy products and even acts as a regular wholesale agent to grasp the market forces better. It acts as the monopoly dealer on behalf of govt. for rice procured by govt. For free market rice, it uses collective bargaining strength on behalf of the agricultural cooperatives to maximum advantage. Thus the Japanese agricultural cooperatives achieve total vertical integration of services and facilities. In our countries there are different levels of agricultural cooperatives - village, district, state and national - each of these acts quite independently and many times in competition with each other. In Brazil, many cooperatives have grading and packing centres for fruits as well as eggs. Dairy cooperatives have milk processing plants. Even for broiler production many cooperatives have slaughter centre, cold storages and distribution centres. In other countries, primary societies merely help the producers to market their produce but do not provide these facilities. Similarly the higher level cooperatives lack facilities and do not provide services like wholesaler's role, market intelligence distribution centres as there is no vertical integration achieved in marketing operations.

#### 4) Management systems

In order to have responsible and responsive management, the agricultural cooperatives have adopted certain management practices which are very healthy. The practices of having non-members as directors of a cooperative, full-time President and other directors and elected auditors on behalf of members are not prevalent in our countries. In the marketing operations the practices and systems of a) unconditional consignment b) commission system, c) pool accounting system d) use of computers for data collection and analysis of demand and supply e) immediate and constant relay of market intelligence to and from societies are very highly developed and extensively used in Japan.

These help the agricultural cooperatives to achieve more efficient and effective marketing and plan out their strategies well in advance. In our countries, these systems are prevalent only in some of the higher level cooperatives and that too for limited purposes. These are non-existent at the primary societies level.

5) Collective bargaining and government support

The cooperatives in Japan use the power of collective bargaining to full advantage, not only in their business deals but also in acting as a solid pressure group to influence governmental policies in their favour. It is on account of their success in this field that the farm produce imports from United States and EEC countries are being resisted by the Japanese govt.

The monopoly procurement of rice by govt. and various other policy measures help the cooperatives to obtain better prices for their produce. Govt. subsidies and schemes for agricultural modernisation are another example. Deployment of women and youth organisation by the cooperatives to influence governmental policies, as a regular practice is unique. What is even more remarkable is the degree of autonomy enjoyed by the agricultural cooperatives in their economic activities. In most of the developing countries, government does support the cooperative movement through policy incentives but at the same time plays a dominant role in shaping their activities and severely regulates them. Thus the coops continue to be servile and too weak to be able to play a more significant role for the economic betterment of their members.

6) Members faith in cooperatives

Cooperation is an ideology of inter-dependence which runs counter to the basic human instinct for independent actions, particularly in economic field. But redising the hazards of diverse actions in an otherwise unfavourable condition, the Japanese farmers have learnt to rely on their common efforts to achieve their goods. The practices adopted by the cooperatives, as explained above, have helped them to pool their resources and use them effectively gain the trust of their members. The willingness of the farmer to subordinate his individual motive for the common good and place his trust in his cooperative is probably the most distinctive and idealistic feature of cooperatives in Japan.

Such an ideology is sadly non-existent in most of the societies in our countries, barring a few notable exceptions. Greater cooperative education among members, employees and directors is required. Above all is required real success in their economic activities to show tangible results to farmers to develop faith.

### Conclusion

The success of the cooperative movement in any country depends on many factors - its history, geography, culture and economics. In Japan, the agricultural cooperatives have taken these factors into account and built up an organisational structure and developed management systems most suitable to achieve positive results. An intermingling of the structure and the systems is like building a house of cards. A change in the external environment or an upsetting of the balance within the organisation can damage the movement.

It is in this field of keeping a constant vigil and interpreting the implications of changes that the maturity and effectiveness of the leaders of the cooperative movement is tested. So far they have succeeded in their task and we fervently hope that they continue to do so in future.



The General Course on Agricultural Cooperatives

under Colombo Plan for 1983

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Final Report

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July 5, 1983

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GROUP 2 FINAL REPORT ON  
AGRICULTURAL CO-OPERATIVE MOVEMENT  
IN JAPAN

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1. ACKNOWLEDGEMENT

Members of group 2 acknowledge with many thanks the visit to Japan to know much about agricultural cooperation in Japan sponsored by Japan International Cooperation Agency.

Sincere thanks also go to the authorities of the Institute for the Development of Agricultural Cooperation in Asia for the manner in which the course contacts were laid out and for all the services rendered during the time of study.

2. A LOOK AT AGRICULTURE COOPERATIVES IN JAPAN

The development of a would be successful cooperative movement is much dependent on the social and attitudinal changes in the values and norms attached to culture. The Japanese society has been unique in this respect. From way back in the feudal regimes, people learnt to live together exchanged labour force. Naturally communities were formed as a result of strong ties. This was further enhanced by the feudal authorities who capitalised on the already existing mutual relationship and expanded the system of cooperation throughout.

Through joint work, ideas emerged and the spirit of solidarity also emerged. This cooperation resulted into the development of many cooperatives in the late 18th century which were scattered all over. In the early 20th century, the government policy was directed towards giving the protection to the agricultural industry by creating services through the credit, marketing, purchasing and processing cooperatives.

With the end of world war II the government concern was to give power to cooperatives to manage themselves in cooperative principles. As a result of this legislative authority in 1947 a free and democratically run cooperative movement was created. This gives a confirmation that, through the spirit of mutual cooperation which the members had shown earlier, as the member organised themselves into a strong movement in which their decisions were to run it

then the industry would develop with minimum social obstacles and this is exactly what is seen today.

## 2.1 ORGANISATIONAL SET UP

Agricultural cooperatives in Japan are autonomous group institution. They are established by member farmers not on special directives but by the member farmers objectives to develop their farm management and improve their lives. The Presidents and Directors are elected by the member farmers. Three points are implied by this, officials are responsible to them; member farmers take part in decision making and that member farmers are likely to have faith in the movement. Further to this is the fact that societies are developed from the bottom as primary societies in multipurpose or single purpose transactions. These are grouped into federation at prefectural level and grouped further at national level. This sort of organisation makes it possible for an effective representation in running of an economic business of the movement. In the same direction is the establishment of women and youth associations whose interests and opinions are represented.

## 2.2 ROLE OF COOPERATIVES IN PROMOTING AGRICULTURAL INDUSTRY

### 2.2.1 MARKETING

Cooperatives have adopted a purpose to market agricultural products on a more profitable basis. This is achieved through the guidance activities given to member farmers in agricultural production, farm management and well defined standards and quality the effort put in by the prefectural and national federation in surveying of market demands and prices. The development and acceptance by member farmers of the three principles; unconditional assignment, commission and pooling account systems has made marketing easy.

Agriculture industry everywhere is faced with forces of risk and uncertainty. The cooperatives have undertaken measures to protect the industry by the adoption of the pooling account system to control the effect of fluctuating prices. Planned production and unification of quality and standards of product result into the products being acceptable in all markets. The benefits arising from this have resulted into member farmers accepting the marketing of most of their produce through cooperative marketing business.

### 2.2.2 PURCHASING

Members are furnished with production materials or consumer goods at favorable terms (low cost prices). Using the basic formula of advance order and pooling account system two advantages arise; as a result of advance orders materials or consumer goods are available to farmers on time and at lower costs. In addition to this through bargaining power the central cooperatives have by buying shares in manufacturing industries costs of production are reduced further. Special attributes are given to the role of farm guidance advisors who as a result of their guide to members a high degree in the exactness in the estimation of materials and consumer goods to be ordered is achieved. Consequently shortage or holding costs are avoided which reduce production costs further.

### 2.2.3 CREDIT

Recycling of excess member funds is the principle on which cooperative credit business is operating. Deposits are received from members. With the exception of reserves for repayment of these deposits the remaining sum is available as loanable fund for production and livelihood expenses of its member. A primary society may either furnish funds of its own at a low interest rate while receiving interest subsidy from the government or function as the Ministry Agent on disbursement for the governments low interest loans. This simply implied that money that would otherwise be held by other member farmers is brought into circulation by loaning it to others.

### 2.2.4 MUTUAL INSURANCE BUSINESS

Under normal circumstances it is the only high income earning people and farmers who hold insurance policies. The Cooperatives in Japan realising the hazards in the farming community created insurance services at premiums and farms lower than those required by commercial insurance companies. These policies are in the life of members; their properties including farming equipments. This therefore is another area where cooperatives in agriculture are showing concern over the members life and possessions.

## 2.2.5 UTILISATION AND PROCESSING BUSINESS

Collective ownership through cooperatives enable members to have access to facilities such as rice elevators, grading machines, packaging plants, pig breeding stations and chicken processing plants. All these are necessary for the promotion of large scale production of agricultural products and therefore increase volume of business. Besides this capital costs for members are reduced as the case would have been if such devices were to be owned by the individual.

In the agricultural industry hazards range from use of chemicals to physical damage by machines. All these are a threat to the member farmer life. However through cooperatives, prefectural federations have made available medical services in the form of actual treatment, education research and public health. Being a facility belonging to cooperative, it is expected that the type of services present are relevant to the needs of the farming community. The medical services plus sports and other recreational activities result in healthy and strong human bodies very fit to do the agricultural work.

## 3. SHORTCOMINGS IN AGRICULTURAL COOPERATIVES IN JAPAN

3.1 The visit to Akita Prefecture exposed the group to the high level of mechanisation while holding sizes averaged 1.4 ha. Obviously this reduced the agricultural income significantly. In addition to this, these machines are not economically used if they are not widely rent to other farmers. It appears group ownership is being preached about but it will not spread for as many of the members own these agricultural equipment individually already.

3.2 Two aspects are mentioned here; diversification and specialisation. Rice has for some time been the main stay of agricultural cooperatives. Due to over production the government has ordered a cut in production. To prefectures like Akita where rice is the main income earning crop, the cut implies reduced agricultural income. ~~Inaccessible to~~ suggestions are worth considering; research activities to increase to develop crops which can be cultivated in addition to rice, secondly areas most suitable for the production of other crops other than rice, should be encouraged to grow more of these crops along with market demand or research activities to increase demand.

Equally prices for livestock products may be reviewed to serve as incentives along with cut backs in production.

### 3.3 LAND INHERITANCE

The agricultural industry in Japan had high chances for continuity with the land inheritance system where by all land and farming operations are handed over to the first son or in some cases to the first daughter. While the system is to be admired at in addition to the above for the social security offered to the aged people, it is subject to the following short comings; with more young people getting interested in town life and non-agricultural work there is unlikely to be successors; secondly farming cannot expand because only onemember of the children is allowed to own land and engages in farming.

The soils in some parts of Akita are showing signs of exhaustion due to long time cultivation. It is desirable that cooperatives started thinking of reconstituting the soil as the case is in Saitama by the use of organic manures.

### 4. CLASSIFICATION OF MEMBER FARMERS

In Akita 66.6 percent of member farmers fell in class II part time farmers in 1981. In 1980 non agricultural income was 73.6 percent of the total farm income. This plus the fall in rice production implies that there will be a greater tendency towards securing non agricultural employment and growing less crops for the purpose of maintaining land. Nevertheless, it can be claimed that the non agricultural income contributes significantly to the level of member savings in the cooperatives. On the whole, there is need to review in details the patterns of the agriculture industry so that it does not loose its role in providing the basic needs of the population in terms of income and food.

### 5. ORGANISATIONAL SET UP TO CORRECT MISMANAGEMENT

#### 5.1 LEGISLATIVE PROCEDURES

Legislation is meant to elevate and maintain the socio economic environment of cooperative members.

Obstacles are eliminated which would otherwise affect activities meant to improve farm management. These obstacles would be prices tax and trade liberalisation in agricultural products. All this is possible through a national convention which is aimed at unifying and expressing farmers intentions, submission of petitions or opinions. The importance of this is the fact that a channel exists by which member farmers views are made know to the government.

## 5.2 AUDITORS

These are elected by the general meeting and therefore ensures that they serve the interests of the members. The auditors check on the services by the board of directors and on the assets of the societies. This ensures that the society is developing in the right direction. This set up is quite unique for it allows for no or little chance for officials to misuse their positions a cause to the downfall of many cooperatives or any form of agricultural cooperation in a number of countries.

## 5.3 GOVERNMENT INSPECTORS

The prefectural government officials inspect on the conduct of the officials in the cooperative to ensure that transactions are done in accordance with government laws. This is one of the areas where government intervenes directly. Other areas include control of rice, establishment of agricultural modernisation loan scheme and provision of extension and research services. In this way the government accords protection to ensure that cooperatives as a tool to boost the agriculture industry accomplish their objectives.



## 6. EDUCATION IN AGRICULTURAL COOPERATIVE

Cooperative education in the Japanese agri. coop movement is divided into two fields according to the objects for which the education is intended. One field of education concerns the cooperative members, and is called the member education. The other field concerns itself with cooperatives officials and employees and is called the staff training.

### 6.1 BASIC POLICIES ON EDUCATION OF AGRICULTURAL COOPERATIVES

As is pointed out that the cooperative society movement is in a sense an "Educational Movement", education play a vital role in this movement.

- 6.1.1 The cooperative society is a society of its members as gathered in the spirits of independence, autonomy and mutual cooperation, so these principles should be pushed ahead vigorously through the education cooperative education system.
- 6.1.2 Education should aim at bringing the members to realize the necessity of improving and elevating their living standards through cooperative society activities and also to developing independent characters.
- 6.1.3 To cultivate the consciousness of cooperation, better understanding of the essential characters of the society. The sense of belonging to the society and to strengthen the solidarity among the society members
- 6.1.4 To carry out such education, officials and staff most of course improve themselves in their personality, knowledge and technical abilities. Therefore no less importance should be attached to their education and training. For the member education "The General Principles for members of Agri. Coops." have been laid down to confirm the principles of cooperative movement.

### 6.2 GENERAL PRINCIPLES FOR MEMBERS OF AGRICULTURE COOPERATIVE

- 6.2.1 To defend all society and seek to elevate status through its activities

- 6.2.2 To rationalize the management and living and increase our efficiency through our activities.
- 6.2.3 To gather ourselves in the society with faith and fraternity and will display the power of cooperation
- 6.2.4 To join hands with all the other societies across the country and will seek to strengthen further the federal organization
- 6.2.5 To endeavor to build up together with all friends a peacefull society through our cooperative society activities

6.3 GENERAL PRINCIPLES FOR STAFF OF FEDERATION OF AGRI. COOPS

- 6.3.1 To exert ourselves, hand in hand, toward the cause of the agri. coop movement
- 6.3.2 To perform the duties as the officials and staff of the agri. coop so as to give full play to its functions
- 6.3.3 To make clear the theory and practice of the agri. coop movement and become brave pioneers of the movement.

6.4 PART I COOPERATIVE MEMBER EDUCATION

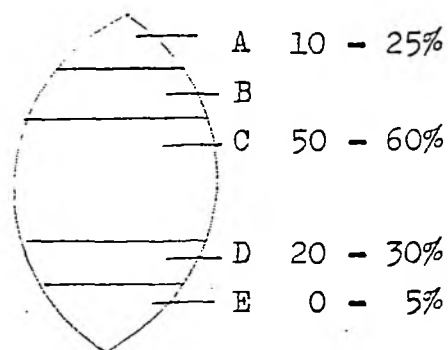
Member education is provided according to different levels of their understanding about the cooperative.

Japanese multi-purpose type of agricultural cooperatives embraces some 98% of farmers (in terms of farm household number) as their members. Partly due to such a high rate of farmer average, each individual member's recognition of the cooperative rate varier widely. In view of this, it seems possible to classify them according to the strength of interest held by them on the cooperatives activities category hence one divide them into five categories.

	Remark
A. Group of members active in the cooperative movement	Positively concious members
B. Group of members collaborative to the cooperative movement	" "

- C. Group of members taking neutral position stance to cooperative movement but will participate in its activities if they are called upon to do so. Passive members
- D. Group of members rather indifferent to the movement Passive members
- E. Group of members who understands little about the significance of taking cooperative actions or rather opposed to such actions.

Naturally the cooperatives which are recognized as good ones generally have a good number of members belonging to groups A and B, while these which are called more problematic cooperatives have minor proportion of A and B groups members. The following diagram shows the proportion of members in respective category;



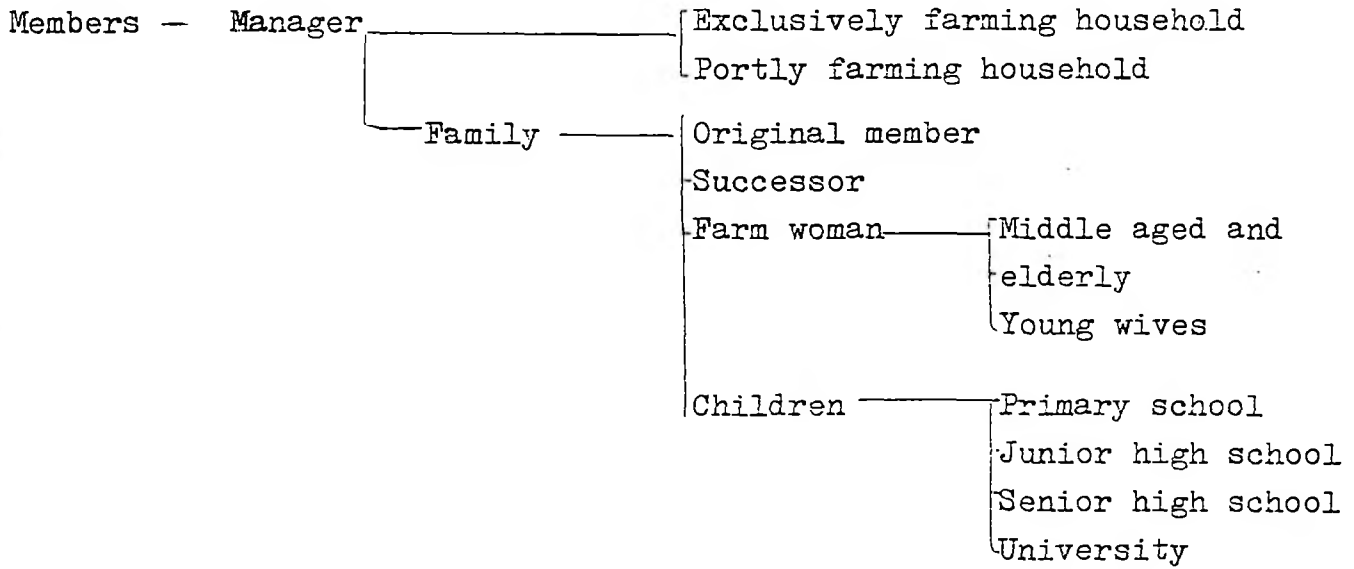
The role of member education therefore is to enhance the levels of members appreciating and accepting the cooperative role and increase the percentage of those members in group A to cultivate their potentiality for playing a leading role in cooperative activities, suitable approaches are recommended for each group.

#### 6.4.1 PROGRESS IN EDUCATION OF MEMBERS

It is the responsibility of each member to support the agri. coops movement. It is the standard of the members that decides what the cooperative movement is.

This is why the importance of the education of members must be stressed. The number of quasi members is increasing and the full members being on the decline. We can classify the members being on the decline. We can classify the members by rank for educational purpose

Chart 1



#### 6.4.2 AREAS OF MEMBERS EDUCATION

Broadly speaking, member education concerns (1) cooperative associations, (2) farm management, (3) life technology is which- ever the field the aim of the education is to promote in the member the will to develop himself or herself.

#### 6.4.3 METHOD AND PLACE OF EDUCATION

There are two ways of educating the member

##### 1. Through everyday activities

- Education through daily business; promotion marketing purchasing, credit, mutual relief etc.
- Education through sponsored even Agricultural festival communal talks etc.

##### 2. Through educational events: seminars, lectures, etc.

The system for education can be broadly divided into the following two;

## Chart 2 Systems for education

### 1. Through daily situations

- a. Ordinary everyday activities
- b. External activities -- officials visits to member's homes
- c. Organizational activities -- Classified organizational activities
  - Youth group women's group
  - Group research meeting
- d. Talk activities
- e. Provision of educational materials; coop news, cable broadcasts, slides, movies etc.,

- a. General meeting, general meeting of representatives
- b. Group discussions
- c. Members, families rally
- d. Various cultural activities
- e. Agricultural festival
- f. Branch office general meeting
- g. Mobile agricultural cooperative

### 2. Through educational events

Seminar, lectures, talks, debates, study trips  
overseas study, correspondance course, exchanges of experiences  
exchanges with schools

#### 6.4.4 SYSTEM FOR ADVANCING MEMBER EDUCATION

Basically the member education is no different from that being implemented by for officials and staff. However it is necessary to have a section for making up a concrete, overall plan, so that a system was set up with the establishment of a "member section", "Prefectural and central committee at the prefectural and national level provide educational materials and individual cooperative have a supplementary role in such educational activities of members carrying out surveys and research

Education of members of agricultural cooperatives in Japan has emphasized the improvement of knowledge and techniques related to farm management. Educational activities related to life have been conducted mainly by agricultural cooperatives women's groups. Education of member's children is aimed at the pupils of the 478 agricultural high school, with the agri. cooperative movement being accurately comprehended through the provision of the textbook entitled "Agricultural Cooperative and US".

#### 6.4.5 MEMBERS EDUCATION THROUGH BUSINESS FUNCTIONS

In the period from 1960's to early 1970's the Japanese economy made rapid growth, and parallel with that progress, brought forth wider range of cooperative business functions of greater complexity. In the meantime, there has been notable progress in urbanization of rural areas influenced by development of the means of transportation and communication. Under these circumstances, while the range of coop business has expanded as regards member's patron usage of the cooperative services their relation with the cooperative has changed from total to partial bondage. In such a background various member organization have emerged under the cooperative in line with the various functions of the concerned cooperative business sections.

They includes a member's thrift & savings organization, cooperative insurance holder's organization, cooperative shop management council of members, member's wife organization etc.,

These member's organization are meant to provide i) each individual members with an opportunity to reflect his/her opinion in the cooperative activities pursued by the concerned business sections and in that way encourage active participation by many members in day to day cooperative activities.

ii) They are also meant to enable members come to know the phenomenon of cooperative management in greater detail and to fully comprehend its major problem.

#### 6.4.6 WHAT IS LACKING NOW AND FUTURE PLANS

Work is progressing on clarifying where the responsibility for member's education lies and the system of education is being strengthened by the establishment of a "cooperative education committee".

This committee will consist mainly of member representatives of the responsible organizations. The committee will respond to enquiries on education made by the head of the cooperative and will also conduct independent studies into cooperative education, advise the head of the cooperative and the director and set an example for the future.

#### 6.4.7 THE VALUE OF EDUCATION IN AGRICULTURAL COOPERATIVES

Overall, the standard of education in Japan is high and a high proportion of members who become directors have received a high school education. For some time until now the emphasis has been on education for production activities, but from now on the emphasis will be more on educational activities related to life and ideological training related to the agriculture cooperative movement with the necessity to create among members a Japanese ideology for the nations agricultural cooperatives.

Because there has been a drop in the importance of agriculture and the number of members that can not live just on agriculture has increased, forcing them to do non-agricultural jobs, members have become very busy and find it difficult to find much time for studying. The agricultural cooperative movement is composed by it's members, but the number of fields subcontracted out to specialized officials and staff are increasing each year. The effect of the education of members in agricultural cooperatives has to show concrete economic results. Educational activities must be expanded to resolve concrete member's problems one by one, with full regard for this.

#### 6.5 COOPERATIVE STAFF TRAINING ACTIVITIES

6.5.1 Cooperative staff training activities in Japanese has undergone the following stages of development.

Stage I ( Prior to 1960)

During this period pre-service education was conducted to train staff who were expected to become key or middle class cadres in the movement.

## Stage II (1960 - 1970)

As the economy grow at a high pace the cooperative face stiff competition from the private sector.

Efficiency improvement of the business became the main object of cooperative education and off the job training programmes were organised by the prefectural union to enroll all the personnel with a view to prompt change of knowledge techniques and attitude of those who are already in the cooperative professions.

These are also known as refresher courses meant to cultivate ability to make judgement relative to external condition which the cooperative management might face. The training also provides an opportunity to learn the kind of attitude to be taken in relation to cooperative members in dealing with partners of transactions and human relation between friends and colleagues.

Agriculture cooperative has also enlarged their scope of activities and have come to be engaged in extremely diverse business functions as a result of mergers. The cooperative personnel are required to acquire a certain level of specialised knowledge and technique for efficiently handling their duties.

Opportunity in the form of training are given to all employee so as to increase adaptability to assignment change and also to develop professional ability concerning the work.

Training programme is also conducted according to the problems and issue the movement may be facing. For example, when a cooperative intend to introduce computurerisation , opportunities are provided for the officials and staff to gain the knowledge about what and how it operated.

## Stage III (After 1970)

After 1970, the effects of off the job training proves to be very fruitful, but its limitation has also been increasingly recognized; In view of the above the emphasis has been ~~shifted~~ <sup>shifted</sup> from relying too much on improvement of individual capability to ~~purchasing~~ <sup>pursuing</sup> to enhance morale through team work.



On the job training is promoted with a view to strengthening the ties between the cooperative member and its staff, and establishing greater mutual trust between employees.

## 6.5.2 STRUCTURE AND FACILITIES OF AGRI. PERSONNEL TRAINING ACTIVITIES

### Primary cooperative level

Very few cooperative are undertaking the formal training of employees themselves. They entrust this function to the prefectural union and federation. However on the job training is gaining its importance now at the primary society level.

### Prefectural Union Federation Level

Forty-two of the Prefectural Union of the Agricultural Cooperative have their own training facilities. The facilities are equipped with classroom and fixed accommodation. The type of programmes conducted by the unions are basic educations, position wise educations, specialized educations and refresher courses for all officials and staff.

The Prefectural Economic Federation, The Mutual Insurance Federations and the Credit Federations conduct courses on technical matters related to each federations activities. The Federation uses the facilities of the prefectural training centre when conducting these programmes.

### National Level

Staff education at the national level is conducted by the Central Union of Agricultural Cooperative and the five operational bodies such as National Federations of Agriculture Coop Associations, National Mutual Insurance Fed. and Central Cooperative Bank for Agriculture and Forestry.

## STAFF TRAINING ACTIVITIES OF CENTRAL UNION OF AGRICULTURAL COOPERATIVE

Education and training for the agricultural cooperative officials and staff sponsored by the central union are of two types.

One is conducted by the education department while the other type is conducted by the other department such as farm guidance department, better living guidance department, organization department and other technical department. The courses are conducted at the training centre situated in the central cooperative college.

The Central Union also runs the Central Cooperative College, a three years educational instruction which provides a wide scope of education concerning agricultural cooperatives to senior high school graduates. The graduate from this college will be the source of manpower to the agricultural cooperative movement. A college education system specified in the School Education Law is not adopted because it aims at providing students with unique training so that they will be able to take the leadership in the agricultural cooperative movement instead the education system is attached not only to intellectual training but also to physical and moral culture. The students on completion of the course are not awarded any diploma as in other colleges but they receive the same recognitions as graduate when they start working in the cooperative. The college aims at providing the cooperative movement qualified and dedicated employees.

#### 6.5.4 PERSONNEL TRAINING ACTIVITIES OF THE NATIONAL FEDERATIONS

The National Federation of Agriculture Cooperative has its own training facilities, where courses on technical matters are conducted for the staff of Economic Federation and the primary cooperative. The training activities are in the following areas;

1. Training in the sphere of fertilizer and soil improvement
2. Training as regards to the usage of up to date technique in the sphere of farm chemicals, packaging, Material, equipment and farm suppliers
3. Training for service, engineer
4. Training for car mechanics and fuel service men
5. Arrangement for classes and guidance sessions on wise use of "A coop" goods for women's group and promotional men
6. Technical seminars for electric service men and electrician of primary cooperative.

The National Mutual Insurance Federation also has its own training centre which can accommodate 240 participants. Educations and training for the external staff are those by functions and are being conducted on such branches as productions, marketing, supply, mutual insurance medical care, etc.,

Central Cooperative Bank for Agriculture and Forestry has its own training centre which reconduct refresher courses on credit business mainly for its own staff only.

#### 6.5.5 EDUCATION FUND

As of 1978, 31 prefectural union had the educational funds ranging from 480 million to ¥ 600 million. e.g, the Saitama Prefectural Union establish the agricultural cooperative education fund in 1976 with ¥ 400 million.

In the same year, a fund raising campaign was conducted and ¥ 520 million was collected. The amount was deposited in the bank and the interest was used for training purpose.

This shows that great emphasis is place on education activities at all levels.

## 7. COOPERATIVE EDUCATION IN GROUP MEMBER COUNTRIES

Due to the difference in policies, system of cooperative organisation and stage of development of agricultural cooperatives, the education systems vary from country to country, while some still work on the same system applied in Japan. However educational policy to both staff and farmers is the same in all the six countries.

### 7.1 EGYPT

There is a central training college at which members and staff are trained in technical matters, administration and cooperative organisation. This college is run by the Central Union of Agricultural Cooperatives. However the Ministry of Education runs three academic institutions that provide training in cooperative management, accountancy, and applied subjects at governmental level. There also exist training institutes at the primary level. Financing of the Central Institute is through the profits realised by the cooperatives.

### 7.2 EL-SALVADOR

The National University, which is run by the government, has Agricultural Faculty which offers degrees and the Ministry of Agriculture runs a three year Agricultural College that offers certificates. At regional level there are ten training centres owned by the government. Both the staff and member farmers attend courses at these training institutes in cooperative and agricultural aspects. Primary societies contribute to the cost of running the institutes is 3% of their

profits. The general training system is like that of Malawi.

### 7.3 MALAWI

All institutes are run by the government as the whole field of agriculture is still directly under government control. Farmer education is offered at: farm institutes which in the past were viewed as regional farmer training centres; divisional training centres and day training centres (mobile included). The basic differences in these levels of institutes are; in the first two, 4 and 2 weeks respectively are the periods of stay while only a day is spent in the the last. More technical facilities are present at the first two institute. Other training medias include; radio broadcast, use of yellow vans which have films on agriculture technologies and home economics, newsletters, meetings and field days at which technologies are demonstrated.

The country has two agricultural colleges. One offers certificates in general agriculture and graduates become extension agents. The other is a constituent college of the university of Malawi. and it offers diplomas and degrees in general agriculture.

At each level there exist a training committee, while on the above two levels of farmer training no farmers are represented, in the lower level the training committees include farmers representatives.

In each training institute subjects covered are general crop

and animal husbandry, home improvement, afforestation and farm management. However the level of emphasis differs with the level of the institute.

Staff attend refresher courses from time to time. There also exist one national institute where female staff on home economics and general agriculture are taught.

#### 7.4

##### INDONESIA

In Indonesia, the schools curriculum include cooperative education. Member education is actually carried out by grouping the members on commodity and group basis receiving training from the extension staff. In addition to this traditional village meeting are conducted once in a month which are also venues of training. Training needs of the primary societies are defined by the regional councils. At national level there are two academic cooperative colleges which are run by the Indonesian Council of Cooperatives under the supervision and subsidies by the Ministry of Cooperatives. In each of the 27 prefectures, there is a training centre but this centre caters for the staff of the cooperatives and the government.

#### 7.5

##### MALAYSIA

Cooperative education at the primary level have yet a long way to go compared to the progress made by the Japanese cooperative. However most primary societies are now realising the importance of member education and they have set up the training section and the public relation department to handle the member and employee education programme.

The annual general meeting is the most common method of member education whereby prominent leaders in cooperative gives inspiring lectures to all members.

At the national level the National Union of Cooperative (ANGKASA), the apex organization of the cooperative movement is carrying out various cooperative education programmes throughout the country. ANGKASA also publishes the magazine known as PELANCAR, which carries the role of propagating information on cooperative knowledge and act as the voice of the Malaysian cooperative movement as a whole.

The only institution for cooperative education in the is the Cooperative College Of Malalaysia which was set up in 1956. Since its establishment the college has been funded from the Cooperative Education Trust Fund which is contributed by the cooperative. In the beggining this contribution was made on a voluntary basis but from 1968 cooperative societies are legally required to contribute 2% of their profit into the education fund. The college is responsible for providing training and education especially in the field of cooperative management to the members, board of directors and staff of the cooperative societies. The Department of Cooperative Development assist in the selection of the right candidate to attend the courses.

Technical subject pertaining to Agriculture is handle by the agriculture training institute found all the country.

7.5

### KOREA

Education in Korea just as in other countries is meant to develop the will, ideas, confidence and dedication in both staff and member farmers. Cooperative societies have expanded at a fast rate and the prefectural and central institutes are not able to cope with the training needs of both staff and farmers. The approach therefore has been to train more leaders who in turn should help others. However the whole education system is similar to Japan except in strength in the form of participation and curriculum.

8.

### CONCLUSION

The cooperative movement in Japan have provided the member farmers with answers to all their needs. This has resulted in the acceptance and increase in faith towards the movement. The cooperative movement have been supported by the government indirectly through subsidies, legal control and guidance. The government has also used the agriculture cooperative to develop the agriculture sector of the country.

Development of manpower, farmer's ability to understand farming his life and principle of cooperative have been top priority in the movement. Hence education system has been viewed the key succes of the cooperative movement.

Lack of faith by member farmers in the cooperative movement in the developing countries has resulted in the slow development of agricultural cooperative.



The approach adopted in most developing countries is not on a voluntary basis but it is was made compulsory by the government. The other reason for the slow development of the cooperative movement in our countries compared to Japan is that the economic development of our countries do not allow for the establishment of strong and economically viable agriculture cooperatives.

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IDACA

TOKYO, JULY 5, 1983.

Appendix 1

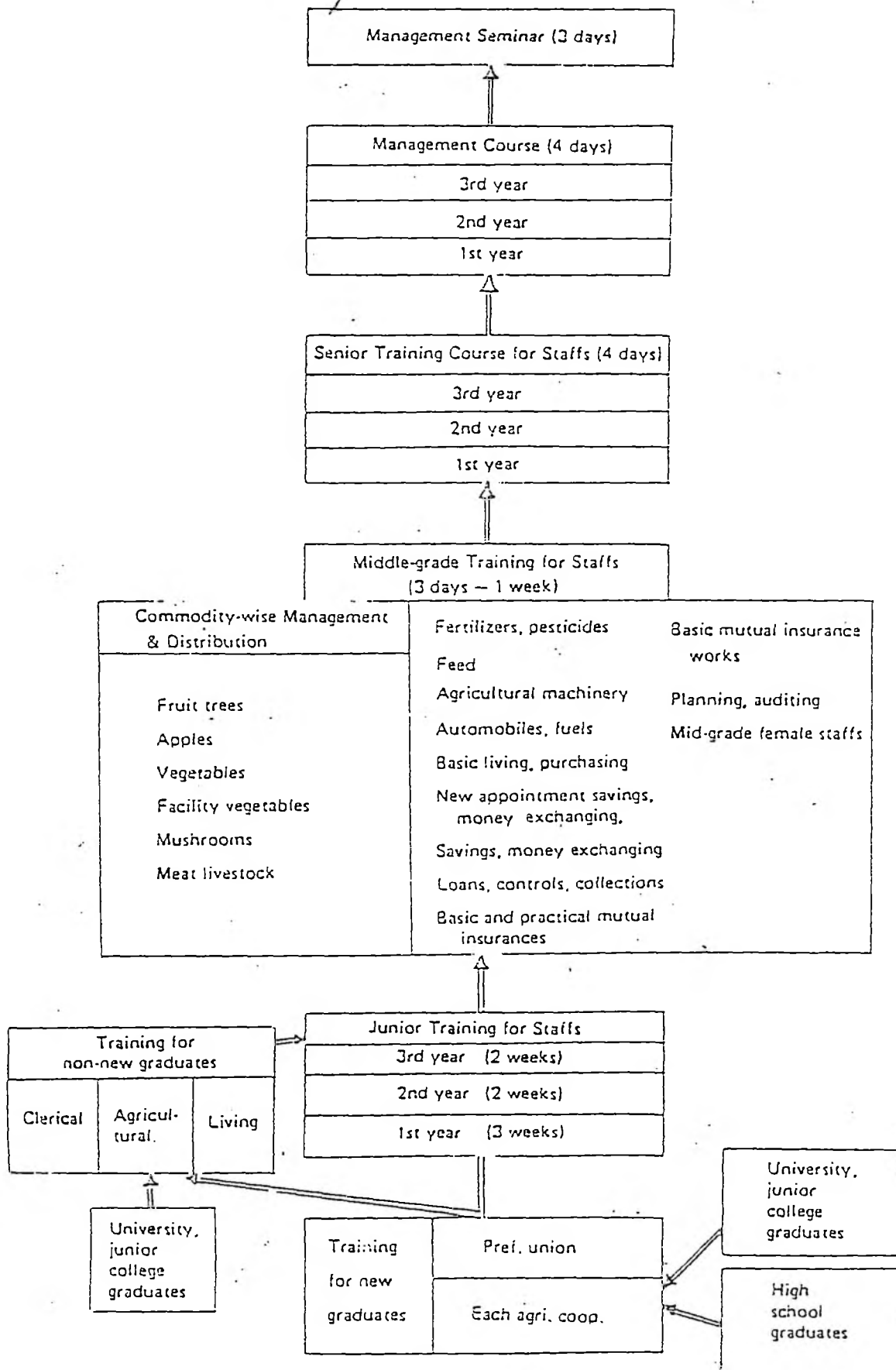
Fig. I Figure on members and employees of multipurpose cooperative as at March 1981

No. of societies	4,473
Membership	
Regular members	5,641,255
Associate members	2,243,835
Total	7,885,090
Elected officials	
Directors	63,362
(out of which full time)	6,164
Auditor	17,697
Total	81,059
Employee	
General manager	3,308
Farm advisor	18,661
Better living advisor	2,571
employee	261,837
Total	287,377

Appendix 111

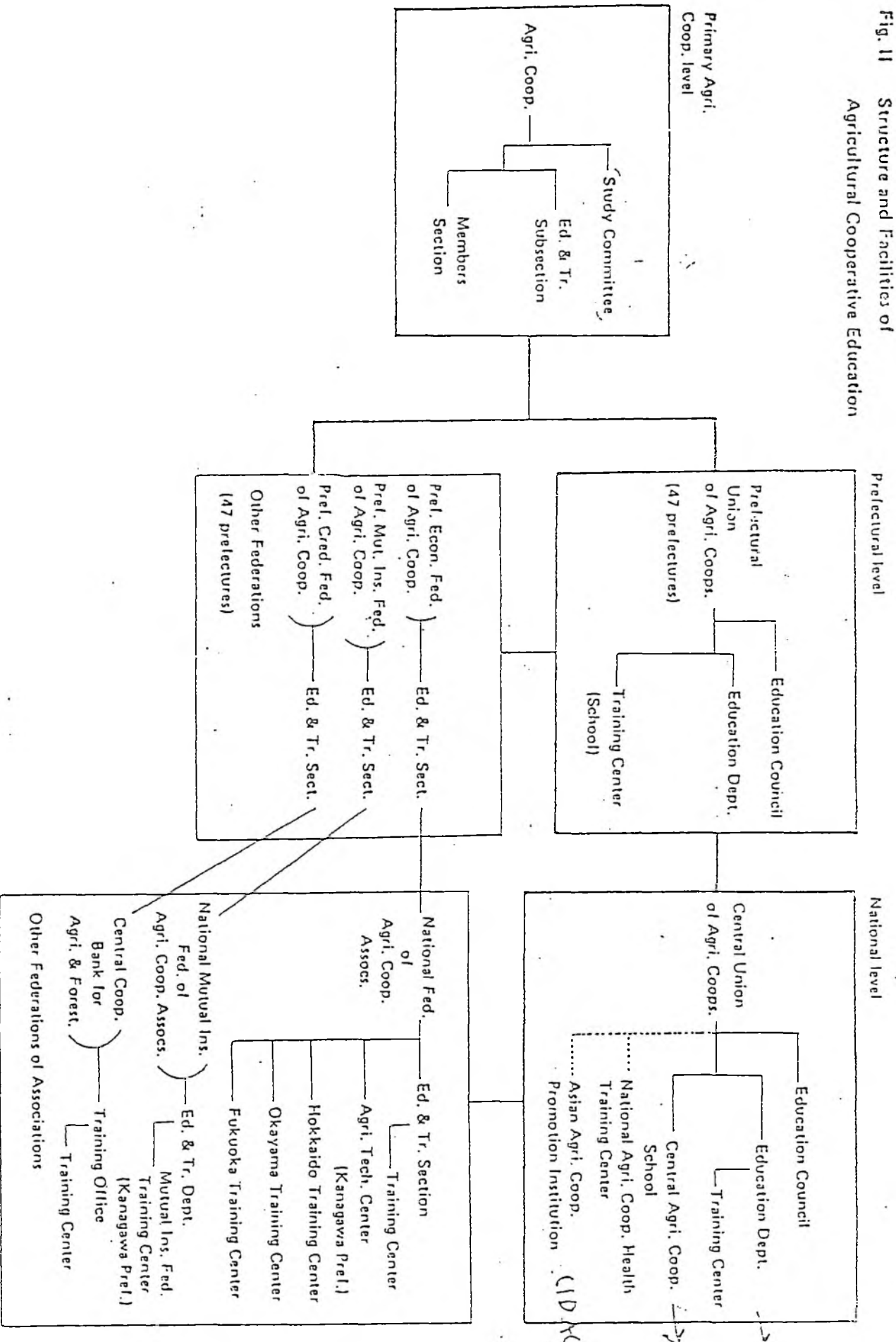
Fig. III Long-term Basic Education Implementation System for Officials & Staff Members at Nagano Prefectural Union of Agri. Coops.

(4th revision for 1967)



Appendix 11

Fig. 11 Structure and Facilities of Agricultural Cooperative Education



1. In-service Education and Training:

In order to improve the abilities of staff members to perform their duties, guidance is given on the job by those in managerial positions and others.

2. Collective Education and Training:

By position

- |  |   |
|--|---|
| 1) Course for freshmen                                       | (newly-employed staffs)                             |
| 2) On-the-job training for newly-employed male staffs        | (newly-employed male staffs)                        |
| 3) Follow-up course for newly-employed female staffs         | (newly-employed female staffs)                      |
| 4) On-the-job training for female staffs                     | (female staffs in 3rd year)                         |
| 5) Course for female staffs for higher grade                 | (female staffs in 5th year)                         |
| 6) Course for male staffs for higher grade                   | (male staffs in 7th year)                           |
| 7) Course for newly-appointed subsection heads/investigators | (as a rule, those within 1 year of new appointment) |
| 8) Course for newly-appointed section heads/inspectors       | (as a rule, those within 1 year of new appointment) |
| 9) Course for section heads/inspectors                       | (section heads/inspectors)                          |
| 10) Course for assistant dept. managers/examiners            | (assistant dept. managers/examiners)                |

By function

- |   |   |
|---|---|
| 1) Course (basic) for education and training course leaders | (course leaders)  |
| 2) Course for agri. coop. mutual insurance works            | (candidates from among section heads, inspectors, subsection heads and investigators) |

Note: Education and training courses for the middle management will be notified later as soon as they are decided.

### 3. Self-enlightenment

- |                                |  |
|--------------------------------|--|
| 1) Life insurance course       | (those over 2 years in service)                              |
| 2) Non-life insurance course   | (candidates)   |
| 3) Correspondence course       | (candidates)   |
| 4) Voluntary courses           |  |
| a) O.J.T. course               | (candidates from among those in managerial positions)        |
| b) Basic course on businesses  | (candidates)   |
| c) General cultural course     | (candidates)   |
| 5) English conversation course | (candidates except those taking the course for over 2 years) |

### 4. Entrusted Education and Training

- |                                      |                                 |
|--------------------------------------|---------------------------------|
| 1) Course by affiliated organ        | (those over 2 years in service) |
| 2) Long-term course by outside organ | (those over 7 years in service) |
| 3) Course by outside organ           | (candidates)                    |

Note: Those in brackets are eligible persons.

FINAL REPORT

MUTUAL INSURANCE IN AGRICULTURAL COOPERATIVES

SUBMIT TO IDACA

Group 3

BY

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## INTRODUCTION AND SCOPE OF STUDY

This report is a specific study of mutual insurance in Japan and how to apply it to the participants' countries: India, Paraguay, Nigeria, Indonesia and Thailand.

The report is composed of 3 parts. The first part relates to the history of agricultural cooperatives in Japan and organization of agricultural cooperatives. The second part deals with general insurance in agricultural cooperatives and the third part is concerned with crop insurance in Japan and how to apply it to agricultural cooperatives in the participants' countries.

### 1.- HISTORY AND GENERAL FRAME-WORK OF AGRICULTURAL COOPERATIVE MOVEMENT IN JAPAN.

#### 1.1. HISTORY.

The agricultural cooperative movement in Japan began in 1900, about 20 years after the Meiji Restoration. At that period agricultural cooperative associations were organized by the Government in order to relieve the poor peasants and increase their agricultural production. In 1900, the first legislation for cooperative associations namely "The Industrial Cooperative Association Law" was enacted as a law providing for four different kinds of cooperative associations for credit, marketing, purchasing and producing. A characteristic of this law was that credit business could not be carried on in combination with any other business .

Then, in 1906, this law was amended in order to allow cooperatives to conduct credit business along with other services, with

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the result that most of the cooperatives took the form of general purpose cooperatives and the number of cooperative societies also increased drascally during 1900 - 1930.

By this period, the Central Union of Industrial Cooperative Association and prefectural and national federations of agricultural cooperatives were also established.

In 1930, economic recession set in. Nevertheless cooperative societies were able even during this period to enlarge their membership from 33 % of total farm households in 1920 to 95 % in 1940.

In 1940, the cooperative movement came under the control of the military government and was converted completely into a controlling agency (Nogyokai) for collecting agricultural products and distributing farm-inputs and it was made compulsory for every farmer to be a member of Nogyokai.

The Nogyokai was dissolved in 1941. All members and assets of Nogyokai were taken over by agricultural cooperatives. In 1947, the Agricultural Cooperative Society Law was promulgated with the objective of sustaining and developing farm management and livelihood of small farmers, who became land-owners after the World War II by land reform. The Law provided that agricultural cooperatives can be managed on the cooperative principles independently.

By this law, agricultural cooperatives and their federations were established on the city, town and village level,

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prefectural level and national level. However, some of the cooperative societies ran into financial difficulties only a few years after their establishment because of inefficient management and economic crisis after the Second World War. In 1951, the Law for Rehabilitation and Consolidation of the Agricultural, Forestry and Fishery Cooperatives came into effect in order to help agricultural cooperatives overcome such difficulties. Coordination Assistance to improve and strengthen agricultural cooperatives also came from government, cooperative movement and cooperative members. However, these agricultural cooperative societies were rather small in size and unable to provide various services needed by farmers; moreover, the change in economic and social situation as well as reorganization of the municipal areas necessitated amalgamation of agricultural cooperatives. In 1961, the Law of Amalgamation Assistance of Agricultural Cooperatives was enacted to promote amalgamation, which was carried out to a significant extent between 1961 and 1969. The number of societies was reduced by 50 % during this period. During 1960 - 1969, the Japanese economy had been growing at a very rapid rate which also affected agriculture, rural communities, and also agricultural cooperative movement. Nowadays, agricultural cooperatives in Japan have been highly developed and strengthened and became the most important organizations in Japanese agricultural sector; they can provide services to cover almost all the needs of farmer members.

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## 1.2. ORGANIZATIONS OF AGRICULTURAL COOPERATIVES.

Agricultural cooperatives in Japan can be divided into three levels, these are primary level, secondary level, and national level.

The structural outlines of agricultural cooperative movement are shown in Chart No. 1.

### 1.2.1. PRIMARY LEVEL:

At primary level, there are multipurpose cooperative societies and single-purpose cooperative societies. The single purpose cooperatives are organized to concentrate on the marketing of special crops, such as fruits and mushrooms, sericulture, livestock and dairying. The number of single purpose cooperatives in 1979/80 was 5,295. In the same year there were 4,546 multipurpose agricultural cooperatives which were engaged in the activities of marketing various kinds of farm products, supplying of farm inputs, crediting, mutual insurance, farm guidance activity, better living advisory services, utilization and processing. Membership of primary agricultural cooperatives is composed of farmers as regular members, and non agricultural habitants as associate members. Members of multipurpose agricultural cooperatives also can be members of single purpose cooperatives.

### 1.2.2. PREFECTURAL LEVEL:

At prefectural level, the primary agricultural cooperative societies have their corresponding federations which are organized according to specific functions.

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The federations can be divided into two categories.

a).- Those mainly composed of multipurpose agricultural cooperatives, such as prefectural economic federations, prefectural credit federations, prefectural mutual insurance federations, etc., and,

b).- Those mainly composed of single purpose agricultural cooperatives, such as dairy cooperative federation, sericultural federation, and so on.

Each of the 47 prefectures in Japan has a prefectural union of agricultural cooperatives whose members are primary cooperatives and prefectural federations. The prefectural union of agricultural cooperatives do not engage in any economic business but they engage in the areas of guidance, coordination, research and survey, education, information, and auditing on behalf of primary agricultural cooperatives and prefectural federations. In addition, they act to represent the interest and will of the agricultural cooperative movement in each prefecture.

### 1.2.3. NATIONAL LEVEL:

At national level, the national federations are organized according to specific functions. They are composed of two types. The first related to multipurpose agricultural cooperatives, such as the National Federation of Agricultural Cooperatives (ZEN-NOH), the National Mutual Insurance Federation of Agricultural Cooperatives, and so forth. The second relate to singlepurpose agricultural cooperatives, such as the National Federation of Livestock Cooperatives, etc.

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In addition to this, there are the Central Cooperative Bank of Agriculture and Forestry, the National Association of (Prefectural) Credit Federations of Agricultural Cooperatives, the Ie-No-Hikari Publishing Association, the UNICCOF-JAPAN, etc. These organizations are not national federations as defined by the Agricultural Cooperative Society Law.

The Central Union of Agricultural Cooperatives is a national organization which has as its members primary agricultural cooperatives, prefectural federations and unions of agricultural cooperatives and also various national federations. It not only engages in services such as guidance, coordination, investigation, education, information, auditing, etc., but also represents the interest and will of the agricultural cooperative movement in Japan.

Nowadays, the coordination among agricultural cooperative organizations at various levels has greatly increased and their activities are very closely integrated.

## 2.- AGRICULTURAL COOPERATIVE INSURANCE PROGRAM.

### 2.1. INTRODUCTION:

Thailand and Paraguay as at now do not operate agricultural cooperative insurance on short term or long term basis. In Nigeria there is the National Cooperative Insurance of Nigeria that cater for all types of cooperative societies — agricultural cooperatives, consumer cooperatives and industrial cooperatives. Automobile and Life Insurance are the most well developed areas of agricultural cooperative insurance program now in Nigeria.

In India, life insurance is being conducted by the Life Insurance Cooperative of India which is a government-sponsored organization. Similarly, four nationalized corporations are looking after general insurance.

In Indonesia, presently there is only one insurance cooperative namely Indonesian Insurance Cooperative which operates life insurance policy.

### 2.2. SITUATION IN JAPAN:

The business of insurance in Japan in the cooperative sector is undertaken in two forms: The Agricultural Cooperative Insurance with General Life and Non-Life Insurance and the Agricultural Insurance which is concerned with crop insurance.

The agricultural cooperative insurance program draws its legal basis from the 1.954 revised edition of the Agricultural Cooperative Society Law. It aimed at securing the economic

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stability of a large member of policiholders. The funds accumulated through insurance contracts are utilized for the development of farming communities. The legal backbone of agricultural cooperative insurance is composed of three pillars: legal, administrative and self-imposed regulations.

The legal endorsement is based on the Agricultural Cooperative Society Law, the Automobile Accident Liability Security Law, and the Workers' Asset Formation Promotion Law and the Civil Code.

Administrative endorsement is secured by Cabinet order, Ministerial ordinances, etc.

These Cabinet orders are issued by the Cabinet of Ministers but legal proxy and ministerial ordinance are issued by the competent Minister also by legal proxy. These ministerial ordinances stipulate the specifics : the method of business operations, insurance contracts, method of computing, insurance premium and policy reserves, classification of such policy reserves, method of calculation their amount and of accumulating them and restriction on the method of investment assets, etc., under various articles and sections.

The self-imposed regulations are the article of incorporation: the insurance regulation and insurance conditions.

### 2.3. TYPES OF LIFE AND NON-LIFE INSURANCE.

Seventeen types of insurance are operated by agricultural cooperatives under the life and non-life insurance. For convenience they are divided into two "long term insurance-

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ce" and "short term insurance". Long term insurance are those types of insurance with an insurance term longer than five years and which upon maturity pays the insurance benefits ; while short term insurance refers to insurances with insurance term less than three years and which do not pay the maturity benefit upon maturity of the term.

2.3.1. LONG TERM INSURANCE.

2.3.1.1. ENDOWMENT LIFE INSURANCE: Under this policy, claims are paid upon the death or disability of the insured, or when the insured survives to the maturity date of the insurance. The objective of this insurance is to protect the livelihood of the bereaved family of the insured and/or to help accumulate funds for the use of the policyholder during old age. Available coverages range in maturity period from five to thirty years, and come in Type 1,2,3, 5, 10 and 15. Type 1. pays, in case of death, an amount equal to the maturity amount insured, while Type 2 pays, under like circumstances an amount two times the maturity amount insured. Type 15 pays, likewise, an amount 15 times the maturity amount insured. The following special clauses may be attached to the Endowment Life Insurance.

Amount insured increase clause:

- a).- Fixed increase clause: Special clause for augmenting by 5 % on each anniversary date the amount insured at the time of contract conclusion.
- b).- Increase-by-dividend clause: Special clause for augmenting

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the insured amount during the term of insurance by allocating the annually-paid dividend as additional premium.

Coverage for Accidental Death Only for the First 5 Years Clause: Amount insured is paid within 5 years of death or 1st.class disability not caused by an accident or legally defined communicable disease.

Other clauses are "Desired Coverage Clause" , "Income Guarantee" and Term Life Clause.

For Accident coverage and Accident Benefit Clauses benefit is paid in case of death or disability caused by legally defined communicable disease. This is paid in addition to the amount covered by the main contract.

Hospitalization Coverage Clause is a very popular and famous one among the cooperative members. This clause covers expenses incurred by the insured in case of meeting accident or contracting a disease which necessitate his hospitalization in hospital or clinic (more than 5 days for accident, more than 10 days for disease) or his undergoing a surgical operation.

This type of insurance under comprehensive-to met all expenses. Accident-caused insurance covered accident case only, and hospitalization coverage ofr specific diseases.

Special condition clause is<sup>is</sup> operated for those who would not qualify for ordinary contract conditions because of particular state of health, previous illness, hereditary handicaps, etc.

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Dividend Deposit, Maturity Benefit Installment, and Premium Monthly Payment Clauses are also operated for payment of premium installmentally.

Children Insurance.

This insurance prepares funds systematically for the education, marriage, etc., of the policyholder's child(ren). Insured money in specified amount is paid upon death or disability of the insured; or upon death or disability of the policyholder. Premium payment becomes exempted for the rest of the term of insurance if the policyholder dies or suffers disability. Three types of insurance are covered under this: 15 years, 18 years and 22 years maturity contracts.

Special Clause - Education Funds Clause:

Upon the death or disability of the policyholder so long as the insured remains alive, an amount corresponding to 5% of the amount of insured will be paid yearly as the insured education funds.

Building Endowment Insurance:

This policy insures buildings and movable property owned by the policyholder or his relatives against damages caused by fire and other accidents and natural disasters. The insurance also aims at accumulating funds for reconstruction or repurchasing if the building remains intact until the maturity of the policy. Insured money also paid upon the death, disability, or for the medical treatment resulting from accident caused by fire, other accidents and natural disaster. Period 5 - 30 years. Available in types 1,

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2, 5, corresponding to once, twice and 5 times the insured amount on death or disability.

Home Construction:

The insurance provides loans for home construction. The claim paid upon the death or disability of the policyholder during the loan period, or when the policyholder survives until the maturity date of the insurance, will be allotted to the payment of the loan. Claims are also paid for damages by fire or natural disaster to the buildings acquired by the policyholder during the term of the insurance. The insurance terms vary from 5 to 20 years.

Asset Formation Savings Insurance:

The aim of this insurance is to help workers build their assets in accordance with the Worker's Asset Formation Promotion Law. Premium are paid by wage deductions, claims are paid upon the survival of the policyholder to the maturity date of the insurance or upon the death or disability of the policyholder through an accident or a legally defined communicable disease during the insurance term. The insurance terms are 5, 7, and 10 years.

Insurance with Asset Formation Savings Plan:

Based on the Worker's Asset Formation Promotion Law, this insurance also aims at helping workers to build assets. The insurance terms is seven years.

Long Term Insurance:

Claims are paid upon the death or disability of the insured. The insurance terms are 5, 10, and 15 years.

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SHORT TERM INSURANCE

Fire Insurance:

This policy insures buildings and movable property owned or maintained by the policyholder or his relatives, against damages caused by fire and other accidents during the term of the insurance. The insurance terms are 7 days, 15 days, 1 month - 11 months, 1 year - 3 years.

Explosion exclusion clause: Under this clause, among the losses or damages to the properties insured by the main contract, those caused by bursting or explosion are excluded from coverage.

Replacement Value Clause: As an exception to the general principle of non-life insurance, which compensates for damages in actual cash value at the time, this clause will cover the damages to the housing on the basis of its replacement value.

Long term coverage clause: Under this clause, the insurance term can be extended to 5 years or more.

Cooperative Owned Building Fire Insurance:

This policy insures the building and movable property owned or maintained by organizations such as agricultural cooperatives, against damages caused by fire, natural disaster, etc. The insurance terms are 7 days, 15 days, 1 month - 11 month, 1 year - 3 years.

Special clauses: Warehouse insurance of movable in and out of the warehouse; Explosion exclusion clause (same as in fire); Refrigeration Breakdown Coverage Clause insurance frozen or chilled goods against damage owing to the change of temperature caused by the

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breakdown or failure of the refrigerating apparatus or facility. Plate Glass Damage; Burglary Coverage; Damage by Sprinkler Coverage are also covered under specific clauses.

Personal Accident Insurance:

Such as (1) Traffic Accident, (2) Ground Traffic Accident, (3) Bodily Injury during Working Hours, (4) Bodily Injury during Farm Work, (5) Travel Accident, (6) Bodily Injury by Specified Farming Machines and Tools are undertaken by agricultural cooperatives including death, disability and medical treatment expenses caused by accidents. The personal insurance very well to injury caused by increased use of farm machinery.

Other insurance types undertaken on short term basis are Transportation of farm produce insurance, Term life Insurance Automobile and Automobile Liability insurance.

Automobile Insurance is one of the biggest short term insurance policy undertaken by Agricultural Cooperatives.

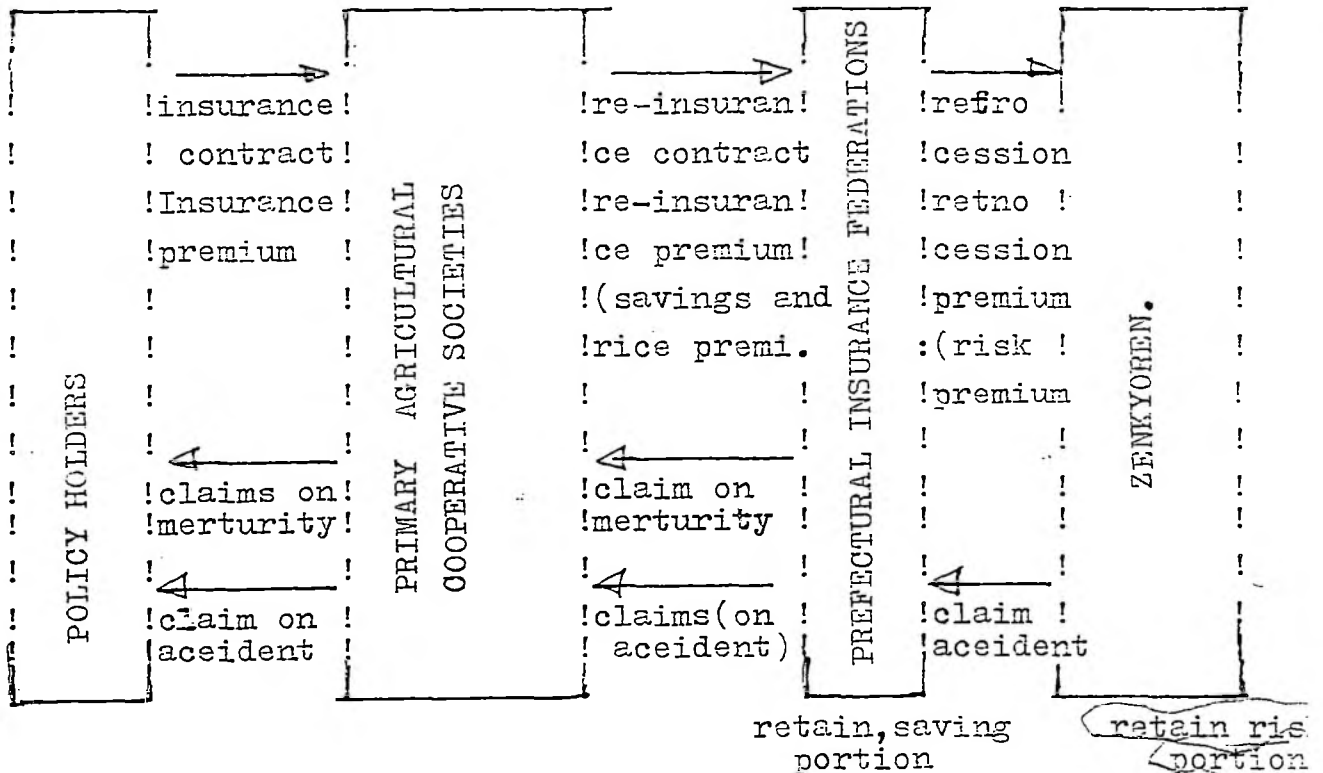
2.4. ORGANIZATION AND MECHANISM OF OPERATION.

The Agricultural Cooperative Insurance Business like many undertakings of the agricultural cooperatives in Japan is organized on a three-Tiered Mechanism of Primary Cooperative Societies ( i.e.- Multipurpose Cooperatives ), Prefectural Federation ( Prefectural- Insurance Federation ) and National Federation ( National Insurance Federation-Zenkyoren ), Tables 1, 2 and 3. Explain this structure and the functions of each level of agricultural Cooperative Insurance.

There are opportinetely 4.500 Primary Agricultural Cooperatives operating insurance business; which represents 98.7 % of all Japanese Primary Cooperatives 47 Prefectual - Insurance Federation and one Welfare Federation. The three levels of organization work as a single unit. The Primary cooperatives assume the role of direct insurence; the Prefectural Federation the of re- insuren and the netural - Federation that of vetro cessionaire.

This leability distribution mechanism is represented the skeme below.

Chart. II : Mechanism of Agricultural Cooperative Insurance.



PERFORMANCE.

As at the end of 1980, the 17 types of insurance operated by the agricultural cooperative mutual insurance scheme has a long term ~~insurance~~ contract exceeding ¥ 100 trillion larger than the volume of business operated by any of Japan's private firm. Table 4 gives the details of the type of policies, the number of policy holders and movement of the insurance contracts in billion yen.

The analysis of Table 4 reveals that in 1980, life endowment life policy accounted for 62.27% of all total number of policies and 67.34% of total amount of long term insurance contracts. Building endowment insurance ranked second with 34.88% of total number of policies and accounted for 32.14% of the total amount of contracts. The two types of policy together accounted to 97.10% of total number of policy holders and as much as 99.48% of all the amount of policy contracts. It could safely be said that the two types of insurance form the backbone of long term insurance policy in Japanese agricultural cooperative mutual insurance policy. Children Inducement, home construction, asset formation and long term life discount for me remaining percentage of 3% total long number of policy and 0.52% of the total amount of long term policy contracts.

Table V

Give the performances of short term policies in agricultural cooperatives are the period of 5 years from 1975t. 1980 in term of number of policies and the amount as policy contracts.

Automobile insurance accounts for about ~~about~~ (93%) of the total amount of short term insurance contract and about 58 % of the total number of policy include the fire insurance policy accounts for only 1.8 % of the contract amount but 0.7 % the total policy holders.

The automobile liability insurance accounts for only about 0.1 % after total amount of policy contract.

We can say therefore that short term automobile insurance and fire form the sein cornerstone of mutual cooperative insurance in Japanese agricultural cooperative mutual insurance.



TABLE 1

Three-Tiered Distribution of Organizational Functions within the Agricultural Cooperative Insurance Business

Organizational unit	Primary Society	Prefectural Insurance Federation	Zenkyoren
Basic function	Insuring	Reinsuring	Retroceding
Retention of liability	Long-term No liability	Liability commensurate with savings amount insured	Liability for all risk value insured
	Short-term No liability	May hold a sum corresponding to a given rate of the sum agreed on in consultation with Zenkyoren	Holds remaining liability not covered by the Prefectural Insurance Federation
Development of new types of insurance; revision of existing insurance	Proposals concerning development of new types of insurance; and revision of existing insurance	Proposals concerning development of new types of insurance; and revision of existing insurance	<ol style="list-style-type: none"> <li>1. Development of new types of insurance and revision of existing insurance</li> <li>2. Establishing and modification of policy conditions and premium rates</li> </ol>
Sales promotion	<ol style="list-style-type: none"> <li>1. Planning and practicing sales promotion activities</li> <li>2. Establishing and encouraging sales cooperating organizations</li> </ol>	<ol style="list-style-type: none"> <li>1. Cooperation and support for promotion activities of primary societies</li> <li>2. Planning, production and distribution of PR material</li> <li>3. Offering information</li> </ol>	<ol style="list-style-type: none"> <li>1. Research in, planning of and cooperating for sales activities</li> <li>2. Gathering and offering information</li> <li>3. Nationwide PR campaign</li> <li>4. Planning, production and distribution of PR material</li> </ol>

TABLE II

Organizational unit	Primary Society	Prefectural Insurance Federation	Zenkyoren
Business procedures related to insurance contracts • Processing and maintenance	1. Processing paper work relating to insurance contracts 2. Activity for maintaining insurance contracts	1. Processing paper work relating to insurance contracts and relaying information 2. Cooperation and support for maintaining insurance contracts	1. Centralized processing of all insurance-related work (at the data processing center) 2. Standardizing and modification of paper work procedures and various categories of business forms 3. Research in, planning of and support for insurance contracts maintenance
• Underwriting	1. Screening proposals (decision of acceptance or rejection of proposals may be made in limited cases) 2. Filing application to prefectural federation	1. Screening proposals 2. Decision of acceptance or rejection of proposals (dubious cases referred to Zenkyoren)	1. Decision made on dubious cases 2. Research, planning, support 3. Standardizing and modification of underwriting standards
• Claims settlement	1. Screening claims and determining payment in limited cases 2. Drawing up documents relating to claim settlement	1. Screening of claims and determining payment in specified cases 2. Drawing up documents relating to claim settlement	1. Decision on cases awaiting Zenkyoren decision 2. Research, planning, support 3. Standardizing and modification of claims settlement standards

TABLE III

Organizational unit	Primary Society	P
Investment	<ol style="list-style-type: none"> <li>1. Operation of owned insurance funds (unearned loading premiums)</li> <li>2. Policy loans</li> <li>3. Farming recycling loans</li> </ol>	
Welfare activity	<ol style="list-style-type: none"> <li>1. Planning and practice of welfare activity</li> <li>2. Encouragement of promoting organizations</li> <li>3. Liaison with related organs</li> </ol>	
Training and education	Education of individual members and staff training	
Planning and Managing activity	<ol style="list-style-type: none"> <li>1. Drawing up activity plans</li> <li>2. Drawing up master plans</li> <li>3. Public relations</li> </ol>	

refectural Insurance Federation	Zenkyoren
Owned insurance fund operation	<ol style="list-style-type: none"> <li>1. Owned insurance fund operation</li> <li>2. Aid to prefectural federations and primary societies</li> <li>3. Gathering and release of information</li> </ol>
<ol style="list-style-type: none"> <li>1. Planning and practice of prefectural-level activity</li> <li>2. Aid and offering information to primary societies</li> <li>3. Development and offering relevant facilities</li> <li>4. Raising activity funds</li> </ol>	<ol style="list-style-type: none"> <li>1. Research, planning</li> <li>2. Support; offering information</li> <li>3. Development and offering relevant facilities</li> <li>4. Raising activity funds</li> </ol>
<ol style="list-style-type: none"> <li>1. Training directors and staff of primary societies</li> <li>2. Training of own staff</li> </ol>	<ol style="list-style-type: none"> <li>1. Training directors and staff of prefectural federations and support for it</li> <li>2. Training key insurance officials of primary societies</li> <li>3. Training of own staff</li> </ol>
<ol style="list-style-type: none"> <li>1. Centralization of cooperative opinions for analysis</li> <li>2. Establishing business enterprise guidelines, management criteria, and guiding vision</li> <li>3. Support for the master plans</li> <li>4. Public relations</li> </ol>	<ol style="list-style-type: none"> <li>1. Centralization of cooperative opinions for analysis</li> <li>2. Gathering exterior information</li> <li>3. Establishing comprehensive business enterprise guidelines, criteria for various types of security and management, and guiding vision</li> <li>4. Support for the improvement of administrative management</li> <li>5. Compilation of statistical data</li> <li>6. Support for the master plans</li> <li>7. Public relations</li> </ol>

TABLE : IV.

Policies in Force at the End of the Year and New Policies @ no. of policies  
 Contracts in 1980.- ( unit : 1.000 policies-  
 ( Long- Term Insurance ) ₹ 1 billion ).-

Fiscal	Endowment life Insurance		Children's		Building Endowment		Home construction		Asset Forma tion savings		Long term Life		Total
	@	Amt	@	Amt	@	Amt	@	Amt	@	Amt	@	Amt	
1975	13,504	31,025.7	999	423.0	7,663	11,344.8	17	95.8	-	-	3	8.7	22,186 42,897.
1976	14,122	41,821.2	934	416.4	7,740	14,018.2	19	118.2	1	0.4	4	10.6	22,818 56,385.
1977	14,623	54,705.2	863	406.7	7,801.	17,002.7	20	131.0	1	0.6	4	12.3	23,312 70,258.
1978	14,950	61,871.5	805	413.2	8,079.	23,996.6	20	135.6	1	0.7	5	14.2	23,861 86,431.
1979	15,270	71,772.3	749	419.0	8,432	31,921.3	20	136.9	1	0.7	4	14.2	24,476104,264
1980*	1,094 (15,6013)	12,496.7	20	30.1 (549) (444.9)	989 874 (39251.0)	8,575.8	0.5	6.7	0.2	0.2	1	3.5	2,105 21,113

Note : Figures of new contract in 1980 are provisional.

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TABLE V

## INSURANCE BUSINESS ( Cont. )

unit:10,000  
yen

Business Year	Total of Short-Term Insurance (Excluding Automobile Liability Insurance)		of which Fire Insurance		of which Automobile
	No. of Policies	Amount of Insurance	No. of Policies	Amount of Insurance	No. of Policies
50 (1975)	8 819 000	6 275 720 000	971 937	240 754 578	5 171 609
51 (1976)	10 369 000	8 497 050 000	1 070 859	309 264 367	5 865 713
52 (1977)	12 156 000	11 926 555 000	1 179 270	378 863 963	7 085 407
53 (1978)	14 618 588	16 882 733 288	1 281 522	477 809 015	9 027 636
54 (1979)	16 789 454	26 110 587 031	1 336 075	557 662 714	10 572 155
55 (1980)	18 919 429	34 064 250 250	1 421 659	644 321 184	11 980 707

Insurance	Automobile Liability Insurance		Reinsurance from Pref. Feds. of Agr. Insurance Assos.		Business Year
	Amount of Insurance	No. of Cars	Premiums	No. of Policies	
5 510 542 835	2 732 993	31 792 707	5 921 943	340 528 958	50 (1975)
7 485 332 823	2 667 661	33 855 894	6 397 411	425 257 215	51 (1976)
10 600 435 595	2 844 831	38 367 711	6 411 493	501 651 090	52 (1977)
15 270 216 125	3 296 283	44 206 333	6 561 039	668 993 555	53 (1978)
24 217 730 757	3 041 960	46 804 961	6 673 943	760 980 604	54 (1979)
31 781 555 510	2 759 764	45 980 728	6 732 909	842 871 554	55 (1980)

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## AGRICULTURAL INSURANCE\*

### 3.1. INTRODUCTION:

In India, crop insurance has been introduced as a pilot project in some selected areas and no final decision has been taken as yet about the feasibility of the scheme. Also in Nigeria feasibility studies on it are in progress.

In Thailand, Indonesia and Paraguay, there is no crop insurance at the moment.

However, in all the five countries mentioned above, there is no dispute about the desirability of having crop insurance.

### 3.2. POSITION IN JAPAN:

#### 3.2.1. Organizational Structure:

The insurance of crops against damage by natural disasters is done by the farmers Mutuals\*\* (or Local Governments) at the primary level. However, the liabilities of the Mutual are re-insured by the prefectural federation concerned. The liabilities of the prefectural federations in turn are re-re-insured by the national government.

The farmers pay their Mutual the premium but also charges for meeting a part of the office expenses. The deficit on this account is made good by the national government.

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\* Source: The frame-work of Agricultural Insurance Scheme in Japan, by Ken-ichi Unno, Ministry of Agriculture, Forestry and Fisheries, Japan.

\*\*MUTUAL INSURANCE COMPANY has been defined by the Concise Oxford Dictionary as " ONE IN WHICH SOME OR ALL OF THE PROFIT ARE DIVIDED AMONG THE POLICYHOLDERS" .

The national government also pays subsidy on the premium which in the case of paddy rice on an average is as high as 59 %.

In Japan, the cooperatives operate agricultural insurance rather than coop. insurance. This means that besides coop. insurance, the cooperatives operate the following programs also:

- a.- Sericultural insurance;
- b.- Livestock insurance+
- c.- Fruit or fruit trees insurance, and
- d.- Green-house insurance.

### 3.2. TYPES OF AGRICULTURAL INSURANCE.

#### 3.2.1. Nationwide programs:

- a.- Rice and some other grains insurance;
- b.- Sericultural insurance;
- c.- Livestock insurance.

#### 3.2.2. Optional Programs:

- a.- Fruit and fruit trees insurance;
- b.- Potatoes, beans and sugar crops insurance;
- c.- Green house insurance.

#### 3.3.1. Rice and some other grains insurance:

"Paddy rice" (paddy), "upland rice" (unirrigated paddy) and "mugi" (wheat and barley) are the crops which can be insured under this program. A policy automatically comes into effect whenever a farmer cultivates any one of the crops mentioned above over an area between 10 and 30 ares as specified by the prefecture.

...../////.....



governor. (For Hokkaido prefecture, the area prescribed is different).

The crops are insured against damage caused by typhoon, flood, drought, cool summer, heavy snow, other meteorological events (including earthquake and volcanic eruption), plant diseases, insects, wild birds and animals. However, the farmers' mutuals which have an adequate system for the control of diseases and insects may be authorized to exclude disease and insect damage (other than bacterial leaf blight and downy mildew) from the insured causes. In such a case, a discount in premium is allowed. The insurance period for paddy rice is transplanting season (sprouting season in the case of direct sowing) through harvest. Similarly, the insurance period for upland rice and mughi is sprouting season (transplanting season in the case of transplanting) through harvest.

The grains insurance provides(3) three types of policies:

- a.- Plot-by-plot formula: Under this formula, indemnity is paid if the damage exceeds 30 % of the standard yield in one plot. The Loss Adjusters estimate by eye the damage in each plot. In order to assess the results of the plot-to-plot survey, a sampling survey is also conducted by eye-estimation or test-harvesting.
- b.- Semi-offset formula: This formula provides for payment of indemnity in case the total of the damage in the damaged plots exceeds 20 % of the total average crop of one farmer.-
- c.- Whole-offset formula: Indemnity becomes payable in case the damage counted as the reduction of total crop of a farmer exceeds 10 % of his total standard yield. For the estimates of damage,

...../////.....

members for paying indemnities.

The reason for creating this fund was that the damage rates fluctuate from year to year and it is not possible to make premium rate high enough.

The size of the fund is about 5.6 billion yens, of which 1.8 billion is from the national government, 1.8 billion from the members and 2 billion is from surpluses accumulated over the past thirty years or so.

#### EMPLOYEES:

16,747 employees were involved in agricultural insurance business as on 1st April, 1979.

Out of these, 14,592 employees were with farmers Mutuals, 1,998 employees with prefectural federations, 135 with Ministry of Agriculture, Forestry and Fisheries and 22 with A.I. Fund.

During fiscal 1979, total amount of insurance for rice and some other grains insurance was ¥2,241,651 million. The total amount of premiums was ¥ 88,228 millions (Farmers' share was ¥ 33,445 million and governmental share was ¥ 52,783 millions) against which the total of the indemnities paid was ¥ 32,532 million.

An outline of National Budget (General Account) on Agricultural Insurance for Fiscal 1980 is enclosed as Appendix I

#### CONCLUSION

As regards general frame-work of agricultural cooperatives in Japan, we think that in our respective countries, we

also should lay more stress on amalgamation of societies.

The multipurpose nature of japanese agricultural cooperatives under which credit, marketing, mutual insurance and better living activities are combined and integrated into the daily activities of the primary society is very vital to the success story of these cooperative society and we recommend the adaptation of same pattern in our countries.

As regards agricultural insurance, although in Japan it deals with many types of insurance, emphasis has been placed in the above report on rice and some other grains insurance as in our five countries, a beginning has to be made as yet. If our experience with crop insurance is enconaging, we can in a phased manner, go in for other types of agricultural insurance also.

GUIDANCE OF AGRICULTURAL COOPERATIVES IN JAPAN

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GENERAL COURSE IN AGRICULTURAL COOPERATIVES

UNDER THE COLOMBO PLAN

MAY 11 - JULY 11, 1983

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## INTRODUCTION

Foremost, we would like to take this opportunity to express our most sincere gratitude to the Government of Japan, for giving us this rare privilege and honour to represent our countries in this Agricultural Co-operative Course, conducted by the Institute for the Development of Agricultural Cooperation in Asia, under the auspices of the Colombo Plan, through the invitation by Japan Foreign Affairs as participants of its Japan International Co-operation Agency.

The present document has been prepared to complete with IDACA's regulations for the Course on Agricultural Cooperatives 1983-1984 in Tokyo, Japan.

The document has been divided into four sections:

- I. General Outline of Agricultural Cooperative Movement in Japan: Organization Structure; Social, Economic and Political activities are indicated on this section.
- II. Guidances of Agricultural Cooperative in Japan: Technical Advice (farm guidances) and Social Advice((Better living activities)).
- III. Application to Individual Countries: Fiji, Nepal, Panama, Sri Lanka, Thailand and Zambia.
- IV. Conclusion

In the following report, we have made an attempt to record some of the highlights on Guidances of Agricultural Cooperatives in Japan. The real test in what we have learned here, as facts on Farm Guidance and Better Living Activities, shall rest with each one of us, until opportunities in our respective countries arise to enable us to implement parts of the course we might consider relevant to the level of agricultural co-operative developments peculiar to our own local situations.

I. GENERAL OUTLINE OF AGRICULTURAL COOPERATIVE MOVEMENT  
IN JAPAN

A. PREFACE

Cooperatives in Japan started way back as 1300 but the present cooperatives begun in 1900 after the enactment of four types of cooperatives namely: credit, marketing, purchasing and processing.

This law was ammended in 1906, to allow the societies undertake multi-purpose business. Multi-purpose societies up to now occupy a very important place alongside single purpose cooperatives. In 1947, the Agricultural Cooperative Law was made to sustain the growth of cooperatives and this led to formation of other cooperative organization to foster development on Prefectural and National Levels.

Japan has a total population of 117.0 million from which 21.3 million is the Agricultural population. Tere are 4.6 million engaged in farming comprising of full-time and part-time farmers and the latter being bigger.

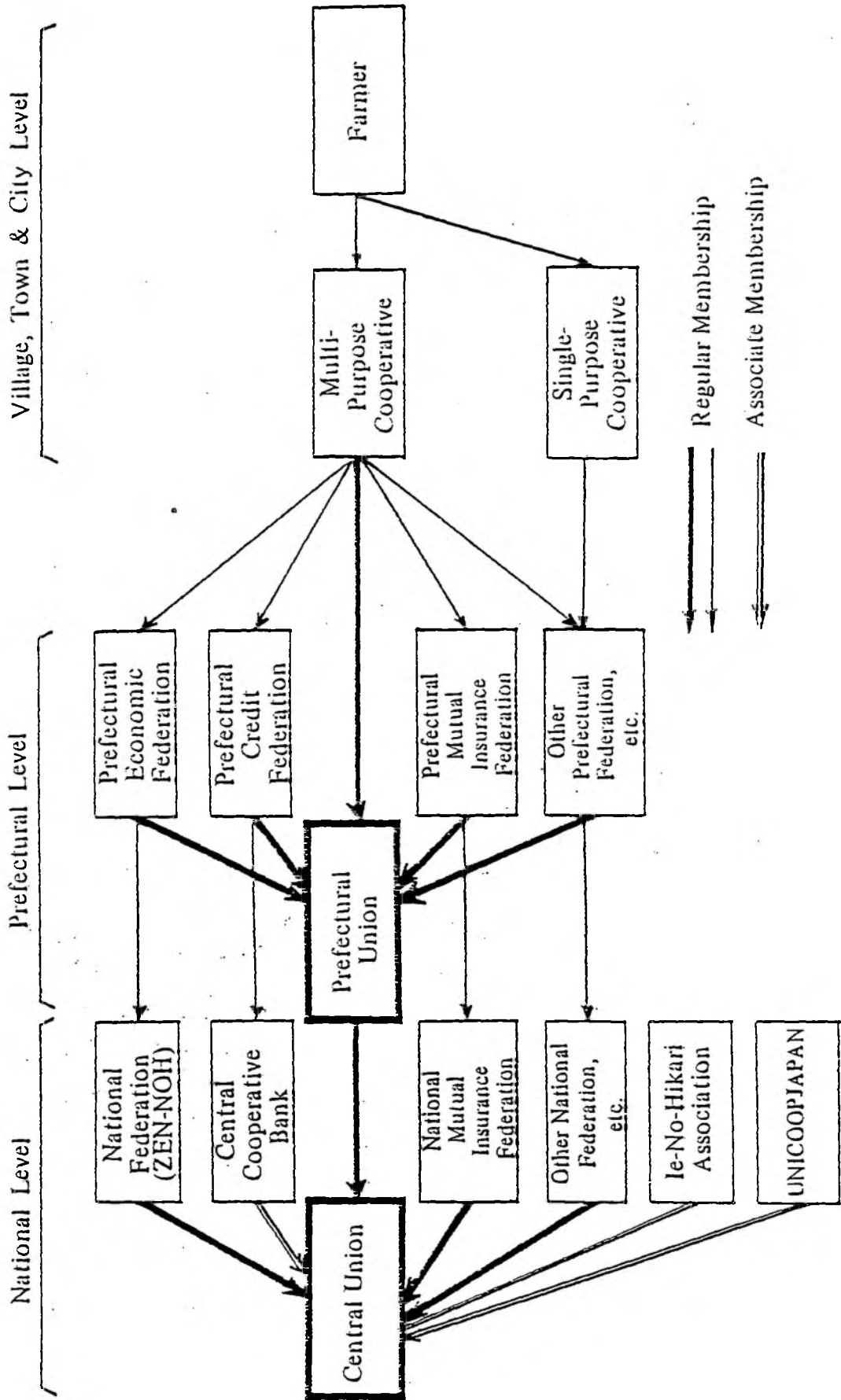
Owing to the country's mountainous topography arable land is limited to about 28%. Intensive farming practices are common due to the limited land area of 1.2 hectars per farm household.

B. ORGANIZATION STRUCTURE

FARM HOUSEHOLDS		1000 Households	
YEAR	NO ENGAGED IN FARMING	FULL-TIME	PART-TIME
1970	4557	1814	2743
1980	4038	1002	3036
1981	4035	829	3205
1982	3968	774	3194



Structural outline of agricultural cooperative movement



Agricultural Cooperatives are incorporated bodies organized by farmers primarily to improve their farm operations and living standards.

The primary cooperative societies are organized on the city, town and village levels, with their memberships composed of farmers as regular members and non-agricultural inhabitants as associate members.

The Agricultural Cooperatives have 7.8 million members of which 5.6 million are regular members and 2.2 million are associate members.

Cooperatives are run on the three tier system which are Primary, Prefectural and National levels.

#### 1. PRIMARY LEVEL

In Japan there are 9,485 Primary Agricultural Cooperatives Societies that can be classified into two categories:

- a. Multi-Purpose Cooperative which engage in multiple lines of business including marketing and processing of agricultural products, purchasing of farm supplies, credit, mutual insurance, warehousing and farm guidance. There are 4,473 Multi-Purpose Cooperatives in Japan.
- b. Single-Purpose Cooperative or "Specialized Cooperative" which specializes in a single line of business like marketing of horticulture, livestock products, dairy products sericulture and so on. There are 5,012 Single-Purpose Cooperatives.

#### 2. PREFECTURAL LEVEL

- a. Prefectural Federations. Primary Cooperative Societies have their corresponding federations on this level, which are organized according to special functions. These can be divided into two categories: those related to multi-purpose societies which are prefectural credit, mutual-insurance, welfare and economic federations, and those related to single purpose cooperatives, e.g. dairy, sericulture and horticultural federations.

- b. Prefectural Unions. There are 47 Prefectural Unions in Japan, who are not engaged in any economic business, but function in the areas of guidance, coordination, research and survey, education, information and auditing on behalf of primary agricultural cooperatives and prefectural federations. They act to represent the interest and will of the agricultural cooperative movement in each prefecture.

3. NATIONAL LEVEL

Each federation on the prefectural level has its counterpart organized on the national level. The national federations can also be broken into the two categories of:

- a. Those related to multi-purpose agricultural cooperatives such as:
- The National Federation of Agricultural Cooperative Associations
  - The National Mutual-Insurance Federation of Agricultural Cooperative Associations
  - The National Press and Information Federation of Agricultural Cooperative Associations
  - The National Welfare Federation of Agricultural Cooperative Associations
- b. Those related to the single-purpose agricultural cooperatives such as:
- The National Federation of Livestock Cooperatives
  - The National Federation of Dairy Cooperatives
  - The National Federation of Sericulture Cooperatives
  - The National Federation of Horticulture Cooperatives

Also, there are the Central Cooperative Bank of Agriculture and Forestry, the National Association of (Prefectural) Credit Federation of Agricultural Cooperatives, the Ie-No-Hikari Publishing Association, the UNICOOPJAPAN and others, but they are not national federations.

## CENTRAL UNION OF AGRICULTURAL COOPERATIVES

The Central Union of Agricultural Cooperatives (CUAC) is organized by the Prefectural Unions, their member organizations and the National Federations. CUAC is the supreme national organization which unifies overall aims, represents interest and determines policy directions of the whole movement.

CUAC serves not only its members but also non-members through the national level activities such as guidance and liaison, besides various other activities atributive to the Prefectural Unions. The Union is strongly public-oriented non-profit-making organization.

The main CUAC's activities are:

- Guidance in the organization, business activities and management of Agricultural Cooperatives
- Auditing of Agricultural Cooperatives
- Providing Education
- Conducting liaison between and mediating disputes among the Agricultural Cooperatives
- Researches and studies on Agricultural Cooperatives

CUAC runs with the Central Cooperative College and sponsorship for the Institute for the Development of Agricultural Cooperation in Asia (IDACA).

The Central Union also is taking an active part in the international development of cooperative movements as a member of the International Cooperative Alliance (I.C.A.).

## NATIONAL FEDERATION OF AGRICULTURAL COOPERATIVE ASSOCIATIONS (ZEN-NOH)

The National Federation of Agricultural Cooperative Associations is a national federation engaged in marketing of agricultural products, purchasing and distribution of farm supplies and farmer living needs. Aditonal of prefectural federetion members, Zen-noh has some 4,200 local agricultural cooperatives as membership.

### a. Purchasing Business

Zen-noh is one of Japan's largest importers of raw materials for fertilizer, farm chemicals and feedstuffs. It maintains

and continues to strengthen direct business relationships with overseas supply sources including producers' cooperatives and operates a fleet of ocean going bulk carriers. Presently maintain four overseas offices in Germany, Australia, Hong King and Brazil and three subsidiary corporations in the United States.

b. Marketing Business

Zen-noh acts on behalf of the government in collecting rice through local cooperatives and their prefectural federations. Also, take responsibility for the distribution of such rice in urban consuming areas and to factories like sake breweries. It operates storages facilities, polishing plants and has marketing channels throughout the country.

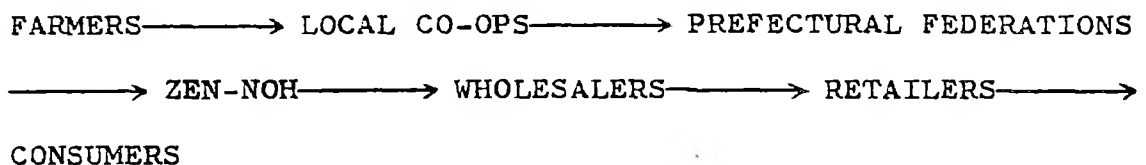
Zen-noh market fruits and vegetables through wholesale markets and promote and encourage scheduled shipment and marketing through its own distribution centers. Also, sells a substantial volume of fresh and processed fruits and vegetables directly to the consumer cooperatives and supermarket. Zen-noh takes measures on a national basis to keep optimum supply and quality of fruits and vegetables and when necessary, works on the Government to take proper price guarantee measures.

Zen-noh supplies farmer with compound feed, baby chicks, pigs and calves for fattening. It also markets meat, milk and eggs produced by them grading and packing at cooperatives' facilities or Zen-noh's distribution centers.

c. Distribution Systems

Zen-noh has differents distribution systems for each line product.

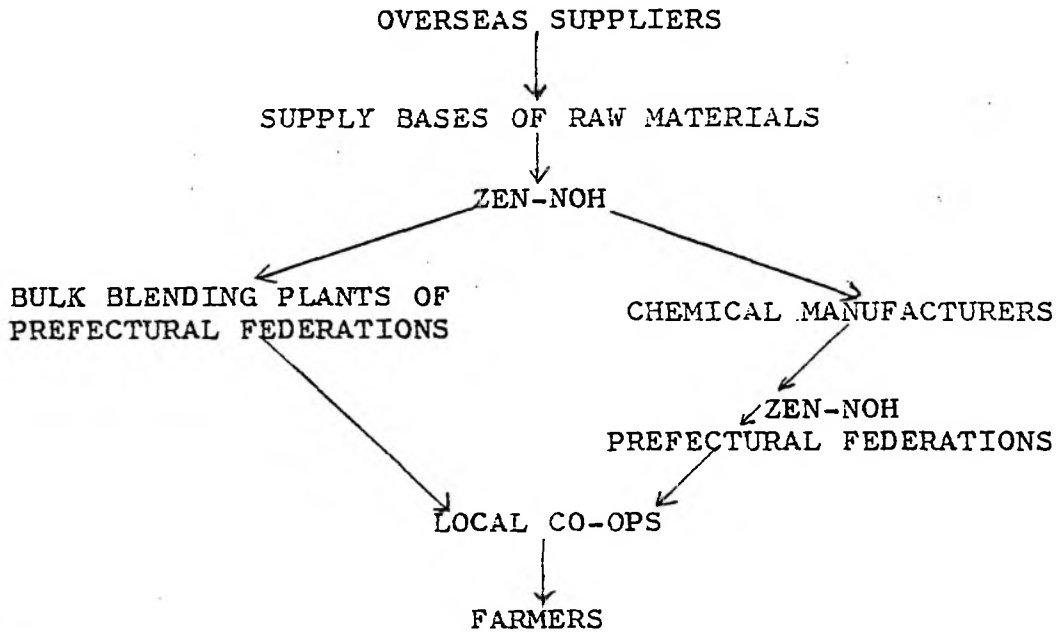
1. Distribution System of Freely Marketable Rice:





→ DISTRIBUTION CENTERS → ZEN-NOH → CONSUMER  
 CO-OPS SUPERMARKETS RETAILERS → CONSUMERS

2. Distribution System for Fertilizers and Farm Chemicals:



3. Distribution System for Feedstuffs:

OVERSEAS GRAIN PRODUCERS CO-OPS AND OTHER SUPPLY SOURCES—  
 → RAW MATERIALS → PORT GRAIN TERMINALS—  
 → FEED MILLS (ZEN-NOH) → PREFECTURAL FEDERATIONS—  
 → COMPOUND FEED → LOCAL CO-OPS → FARMERS

ZEN-NOH provides technical guidance and services for proper use of farm machinery. Also, pay constant attention to quality control, inspection testing and reserarch of all the commo- ties it handles. Request the suppliers to improve the quality of their products. Zen-noh operates Agricultural Technical Cen- ter and 4 training center.

THE CENTRAL COOPERATIVE BANK FOR AGRICULTURE & FORESTRY  
(NORINCHUKIN BANK)

The Central Cooperative Bank for Agriculture & Forestry is a parent financial organization of prefectural credit fede- ration. It is the national financial organization not only for agricultural cooperatives but for fishery cooperatives, forestry

associations and other fishery-forestry organizations. Agricultural Cooperatives played the central role in founding the bank.

Its financial resources are mainly deposits by agricultural organizations particularly credit federations. Therefore, time deposits accounts for most of the funds held by the bank. The bank extends loans to prefectural credit federations and agricultural cooperatives, to finance modernization of farming, structural reform of agricultural marketing and investment in facilities. Also, it extends loans to finance projects undertaken in agricultural, mountain and fishing villages and lend money directly to firms dealing with farm forestry and fishery products and to related industries.

The bank maintains surplus funds used as reserves for paying back deposits or they are invested in stable short-term projects. They are also loaned to financial institutions by way of cooperation of the Government's fiscal and monetary policies, used as cell loans, or invested in securities.

The Norinchukin Bank plays a significant role in the money and securities markets.

#### NATIONAL MUTUAL-INSURANCE FEDERATION (ZENKYOREN)

Zenkyoren is the national insurance federation. In principle, there are special arrangement within the cooperative insurance business as an interrelationship wherein the primary societies assume the role of direct insurer, the prefectural federation that of the reinsurer and Zenkyoren that of the retrocessionaire.

The management of an insurance enterprise should be such that the risks are diffused as widely as possible if it is to secure stable growth.

The system is that all of the original policies written by primary societies are passed on to prefectural federations. All of the savings portion of Long-Term Insurance policies and a part of the risk portion of Short-Term Insurance policies are retained by prefectural federations, while all of the risks portion of Long-Term and most of the Short-Term Insurances are retroceded to Zenkyoren.



## C. ACTIVITIES OF AGRICULTURAL COOPERATIVE SOCIETIES

The agricultural cooperatives in Japan are running a very important role into the societies in every town, village and city. Their influence is reflected into three aspects:

### 1. SOCIAL

The agricultural cooperative societies are contributing to increase social standard of farmers through the services offered and guidance activities.

a. Guidance Activities are designed to take charge of guidance and educational affairs in regard to agricultural production, farm management and ways of living on the part of the members and thereby to help improve their farm management and livelihood.

The main purpose are:

#### 1. Farm management guidance:

- Consolidation of basic farmland conditions
- Selection of farming sectors
- Regional farm programming
- Individual farmers' farming programmes
- Unification of production materials, such as species or fertilizers
- Improvement and unification of production technics.
- Joint grading and marketing

#### 2. Home-life improvement guidance:

- Home economy planning
- Improvement of diet, clothing and housing
- Cultural activities
- Health control and sanitary education

b. Education Programmes. Primary agricultural cooperative societies engage in information services through such media as wired communication sets, newspapers, posters, etc. hold round-table discussions for their members, study visit, run training courses. In addition prefectural unions, the Central Union, Prefectural Federations and the National Federations are engaged in radio and television broadcast programming, movie production and supplying materials. Also, the National Press and Information Federation of Agricultural Cooperatives and the Ie-No-Hikari Publishing Association publishes monthly others magazines.

Training courses are held on each level to upgrade capabi-

lity of agricultural cooperatives directors, officials and employees.

- c. Welfare Programmes. The agricultural cooperatives societies manages their own hospitals like a special service to the members. Also, give ambulative medical services to the rural areas and have their own research and investigation department about deseases caused to farmers by agrochemical products, insects, etc.
- d. Organization of Members. The majority of multi-purpose agricultural cooperatives have youth organizations and Women's Associations of their own, which are designed to act independently to promote agricultural cooperative movement.

## 2. ECONOMIC

The agricultural cooperative societies manages differents economic businesses that have an important influence into the market. The main economic activities are being described as follow:

### a. Credit

The main purpose of this activity is to receive member's deposits on reasonable terms and lend out to members at a low rate of interest. Loanable funds are available for production and livelihood of members.

Long-term and low-rate interest loans vital to agricultural investment, however, since any primary agricultural cooperative society finds it difficult to meet independently such credit needs, it may either furnish funds of its own at a low interest rate while receiving an interest subsidy from the Government, or function as the disbursement window for the Government's low-interest loans. Any surplus on saving is usually deposited with the Prefectural Credit Federation.

### b. Marketing

The objective of this activity is to market members' agricultural products on a more profitable basis. This is usually done by unconditional consignment, commission and

pooling account systems.

1. Unconditional Consignment: Societies sell on behalf of members and not that societies buy from the members.
2. Commission: Members are charged commission for the produce handled by the society.
3. Pooling Account System: Members contribute to this fund to enable them be paid on average prices since price fluctuations are frequent.

Cooperatives also, call on members to plan production and unification of the quality and standards of their products. It charges a predetermined rate of commission from the members to cover necessary costs which is decided by General Meeting every year.

c. Purchasing and Supply

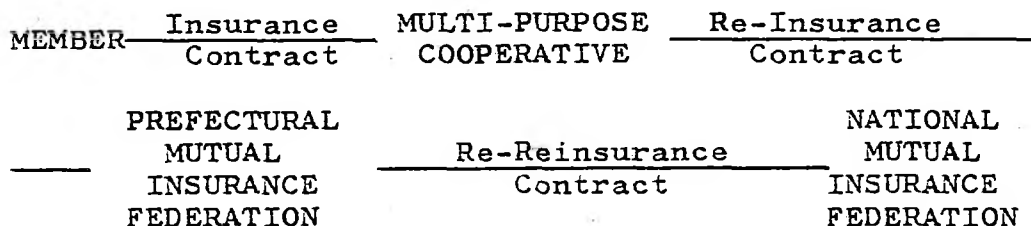
This activity aims at furnishing members with required agricultural production inputs and supply of consumer goods and services steadily when are required. The basic formula is the advance order and pooling account system.

The primary agricultural cooperative societies gather orders from their members and place them on the prefectural economic federation, which will in turn order them from the National Federation.

d. Mutual-Insurance

This aims at compensating for damages suffered by a member through mutual aid thereby ensuring his life security. It is usually subdivided into long-term to cover life endowment, building and dwelling-house construction, juvenile insurances and short-term for fire, automobile/car compulsory and personal accident insurances.

Their mechanism is:



e. Utilization and Processing

There are a wide variety of joint facilities which can be used for agricultural production such as large-sized tractors, country elevators, repair workshops, pumping facilities, grading and packaging plants, pig breeding stations, chicken processing plants, etc. Also, joint facilities available in the field of living are diversified, such as medical facilities, food processing plants, wire-communication facilities, barber shops and wedding ceremony halls.

3. POLITICAL

The agricultural cooperative members are related also in political activities.

a. Legislative Activities

Those activities contribute to elevate the socio-economic status of agricultural cooperative members by eliminating obstacles to improving their farm management and livelihood standards and of developing the agricultural cooperative movement, through submitting recommendations on the Government's policy-making.

b. Political Campaigning

The purpose of participate in political campaigns is to contribute with those politician candidates that are cooperative's members or those that are agree with the cooperative principles, to obtain through them more benefits for the cooperative movements.

## II. GUIDANCES OF AGRICULTURAL COOPERATIVES IN JAPAN

### A. PREFACE

Guidances are activities which are designed to support and supplement agricultural management of member farmers. This being one of the important activities related to all sections, it is also meant to give guidance on educational matters related to agricultural production, farm management and better living to help improve members' standard of living. In addition, it helps to gain members confidence towards the society by getting a strong participation of members.

Farm guidance in Japan started sometime before the world war and there notable changes as indicated below.

The history of farm guidance could be grouped into four stages:

1. Post war period - late 1940's - devoted to production technics to offset post war food shortage.
2. Later half of 1950's - Advanced to farm management guidance to balance income non-agriculture sectors. .
3. Early 60's to 70's - Guidance on selective expansion of agriculture production.
4. Late 70's to Present - Re-organization of regional agriculture because of over supply of agricultural products.

### B. ORGANIZATION

The operation of farm guidance could therefore be looked at from two sides: one from the Government with Extension Officers and Farm Advisors from the Cooperatives's side.

The extension officers more or less coordinate the work of farm advisors by providing them with new techniques or changes. The farm advisors have a direct contact with the farmers. Extension officers are employed by the Prefectural Government

while farm advisors are employed by Primary Cooperative Societies. For proper explanation it is better to subdivide into two groups namely: Technical (farm production guidance) and Social (better living activities).

C. TECHNICAL ADVICE (Farm Production Guidance)

The main objective of this activity is to equip member farmers with better farm management methods and technics so that productivity is raised. The following are some of the specific objectives:

1. Consolidation of farmland
2. Regional farm programming
3. Individual farm programing
4. Unification of production materials
5. Unification and improvement of production techniques
6. Joint grading and marketing

In order to achieve the above objectives, the societies and Prefectural Federations and Unions are involved in several promotions.

1. PROMOTION OF MULTIPLE PRODUCTION

The Societies strengthen complementary relations among multiple farming and agricultural management with a view to promote efficient utilization of agriculture resources such as labor, land, machinery, etc.. This is done by controlling over investment in machinery by encouraging joint utilization, promoting an efficient use of manure and coordinating/improving land utilization.

2. PROMOTION OF HIGH LAND UTILIZATION

The agricultural cooperatives have established crop rotation systems and cropping plans. If land is properly utilized, then the machinery, labour and other resources will have to be planned so that they are used jointly for efficiency.

3. PLANNED PRODUCTION AND SHIPMENT

The Prefectural Federations and Unios should play a very big role. Japan being a free economy only what is

in demand should be produced. Members should therefore have adequate information regarding market trends. The society will then inform members what to produce so that it is in line with the time of shipment.

There are many methods used to reach members but among the common ones are:

1. WIRE BROADCASTING

2. TELEPHONE SERVICE

This is an impressive method since each member has a telephone-receiver connected to a running tape at the Society headquarters. The farmer will be able to get relevant information related to periods with regards to when to plant, harvest or when to transport produce to the society.

3. STUDY MEETINGS

Most of the farming population in Japan are part-time so it is very difficult for farm advisors to reach every farmer.

To ensure proper guidance services to farmers study meetings are organized on hamlet level, specially when farmers are free. In this case hamlet leaders meet the farm advisor before the study meeting is conducted. This method is very effective with commodity groups.

4. HOME VISITS

Farm advisors make a lot of home visits to each farmer as this gives a very good opportunity to exchange ideas with farmers. This is one of the common method of guidance as the advisor could give practical lessons on the spot for example in rice field as regards the fumigation or spraying of chemicals.

Farm guidances are related to all activities of the society, be it marketing, production and keeping of farm accounts up to date.

#### D. SOCIAL ADVICE (better living activities)

The agricultural cooperatives in Japan are carrying a guidance policy for better living activities with the purpose of to ensure and secure of life; to protect, stabilize and enhance household economy; to protect living environment from disruption; to protect family, specially senior and older people and to enhance quality of life.

With these objectives, the agricultural cooperatives are developing the following activities: Health control, consumer activities, consultancy service, cultural activities, to cope with the problem of the aging of population and others.

##### 1. ACTIVITIES

- a. Health Control. The main objective of this activity is to safety of life and health of members as well as of their members family. They pay special attention to coordinate implementation of each step like:
  - Survey on members' health conditions and investigating on their living conditions including eating habits, daily programmes and living environment.
  - Education or instruction on health sanitary and dietary habits by using publicity materials such as cooperative bulletin, leaflets, posters and farmer's meeting and seminars.
  - Health promotion development of members' physical strength, popularization of farmer's gymnastic exercises, sport games and recreations.
  - Providing members and their family members with an opportunity of being medically examined more than once a year.
  - Persons, who need close examinations or medical treatment must be further checked up or cured in cooperation with doctors and health nurses in the area.
  - Measures against farm labor accidents during operating machines and spraying chemicals.

To promote these activities the agricultural cooperatives establish a system as follow:

- Organize a better living department and employing a medical nurse at the society.



- Promoting activities through members' organizations as hamlet groups, women's association, youth organization, commodity-wise producer groups, and aged people's group.
- Organization of life improvement committee by representatives of above-mentioned organizations, and also, organize the Community Health Promotion Council by representatives from the agricultural cooperative, municipality, medical institutes, doctor's association, health center, and extension office licating in the area.
- Budget; expenses for health education and promotion are to be met by the society, while costs of medical examinations are partly covered by the society, prefectural federation, municipality and members.

b. Consumer Activities. These activities are covering a wide range from joint purchasings of daily necessities consumer credit, mutual-insurances, to joint utilization of better living facilities.

The major roles to be played by agricultural cooperatives for protecting consumption life of cooperatives members are:

1. To protect, stabilize and elevate member's living conditions by supplying them with consumer goods of safety and good quality, at reasonable prices,
2. To protect, stabilize, and improve member's life by consumer credits and mutual insurance scheme, and
3. To protect member's life by providing them with convenient facilities for better living activities with cheaper charges.

Member's participation is essential to these activities. Also, agricultural cooperatives are to collaborate with other consumer organizations when they cope with such problems as inflation, unhealthy goods and heavy taxation.

The main consumers activities are:

- To promote study activities of members who are to protect their life by themselves.
- Inspection system for more special testing and studies of daily necessities.

- Joint purchasing activity to get necessities of good quality at a cheaper price.
- Survey activities on commodity prices.
- Periodical circulation on relevant information through cooperative bulletins.
- Consumer education through study meetings.
- Removal of defect goods and harmful food items.
- Cope with complaint and claims on services of commodities.
- Link with consumer's body.
- Exchange fair of disposed materials.
- Life planning by keeping household account.
- Planning of saving and insurance.
- Self-sufficient movement on agricultural commodities.
- Simplification on marriage ceremony and funeral services.
- Influence and reflecting member's view on the government policies and manufacturers' productions.

To promote these activities the agricultural cooperatives have to establishment of internal structure of the society including the Life Improvement Committee. Also, joint purchasings of daily necessities are to be promoted through member's organizations.

- c. Cultural Activities. The cultural activities of agricultural cooperatives are to be conducted with voluntary participations of members and their families including the aged people and children without sex distinction. The purpose of these activities are to obtain a qualitative improvement of member's life; their satisfactions in spiritual and intellectual life; and betterment of social environment and human relationship in a rural community.

The main cultural activities are:

- To upbringing various types of cultural groups with different subject such as cooking, flower arrangement, verses, poems, folk songs, dance, etc.
- To organize a reading circle and cultural classes, taking into consideration wishes and requests of members.

- To hold various gatherings such as cultural festivals, cooperative festivals, exhibitions and contests. Also, promote competitions and games between hamlet members, parents and children, and male and female members.
- To make arrangements for trips and study visits.
- Transmission of cultural traditions such as kimono wear dressing, folk songs, folk crafts and old farming tools with the assistance of old people.

The system to promote cultural activities is:

- Offers of facilities and materials like its meeting rooms, wire broadcasting system booklets, film, slides and others.
- Discoveries of local talents.

d. Activities for the Aged People. Cooperative activities for the elderly are to aim for rises in their position and role, health promotion, life stabilization, better communication among old persons, and cultural transmission. It is Very important to clarify their role in a concrete way specially in farm management, family activities and regional community. The society should make studies on living conditions and swishes of aged people with a view to meeting their demands. The activities are to be supported by young people. In promoting some activities, the society needs to request the government and other agencies to improve their policies for the aged people, and others should be promoted in collaboration with the municipality, public hall, and other welfare organizations.

The activities implemented on countermeasures for the elderly farmers are:

- Health examination for elderly people
- Encouragement of farm management to young successor
- Holding of lectures on health control
- Encouragement of dissemination kitchen garden
- Contract farming for the aged
- Promote their farming and sales of their products
- To assist old persons living alone in their farm works
- To take measures for improving environments

- Encouragement of raising some animals
- Encouragement of making flowers and miniature flowers like Bonsai trees
- Encouragement of processing of agricultural products like pickles
- Encouragement of dancing, singing, handknitting and travelling
- To promote better communications among generations
- To request the government to improve its policies concerned
- Sport activities like gateball
- Holding of meeting to show respect for the aged
- Heritage of traditional technique and measures for preservation of local arts, crafts
- Vitalization of village and encouragement to participate in the beautification movement in the area
- Promotion for exchange of communication among the same generation through holding cultural festival

To promote cooperative activities for the aged people, old persons are expected to voluntarily participate in these activities through organizing their everlasting body or executive committees for various gatherings. It is necessary also, to ensure facilities and places for the activities. The society is to decide its policy and prepare the budget.

## 2. ROLES TO BE PLAYED BY UNIONS AND FEDERATIONS AND YOUTH AND WOMEN'S ASSOCIATIONS

With a view to supporting and supplementing activities of primary societies, unions and federations of agricultural cooperatives are to expedite and strengthen activities, taking the following measures:

### a. Unions and Federations of Agricultural Cooperatives

- To improve the system of promoting better living activities by ensuring necessary facilities, employees, and budgets at prefectural and national level which are required to supplement activities of primary societies.
- To support the activities of primary societies through

- the prefectural union and insurance federation at the prefecture without the welfare federation of agricultural cooperatives, which are to promote organizational discussions to set up a prefectural welfare federation.
- To hold special seminars and trainings for cooperative employees in charge of promoting these activities.
  - To provide the societies with information and teaching materials.
  - To make further efforts to study on developments of safety machines and chemicals for agricultural production.
  - To carry on policy representation activities toward the local and national governments to improve their medical insurance systems and farmers pension system.
  - To improve the system of consumer activities promoted through the three tiered cooperative channel
  - To develop consumer goods of better quality and improve the cooperative function of stocking.
  - To make researches and studies on transmission of traditional cultures in rural areas.
  - To request the government to construct cultural facilities.
  - And other necessary activities.

b. Women's Association of Agricultural Cooperatives

In 1948 the First Women's Association form.

In 1951 National Women's Association came into existence.

Contribution for the membership:

- At1 Primary Level: ¥300 per year
- At the National Level: ¥2 each member

The number of membership of National Women's Association of Agricultural Cooperatives is about 2,670,000.

The main activities of Women's Association are as follow:

1. To secure farming
  - Lobbing activities
  - Soil making (increase organic matters)
  - Exchange the ideas with consumers
  - Up bring children nice.

2. To secure better living
3. To protect life & living
  - Joint buying activities
  - Activities against the environment destruction
  - To remove harmful and adulterated goods
  - Keeping household book keeping and set a habit to save ¥100 per day scheme.
4. To maintain health
  - By conducting regular health examination
  - Deal with the farm injury
5. Promotion of study activities
  - Publication of some useful woman magazines
  - To set a system to learn useful books for the wide knowledge.

c. Youth Organization of Agricultural Cooperatives

The principle of Youth Organization is to promote agricultural cooperative movement and to organize of farming Youth. It is a voluntary organization as comorade organization.

Their main activities are:

1. To expand the organization involving the youth who have not still been the member.
2. To upbringing the leadership building
3. To group. There are five special group activities:
  - Rice & serial crop group
  - Fruit & vegetable
  - Livestock
  - Other agricultural group
  - Group against the problem of environment destruction
4. Conduct training in Japan and overseas to upbringing the activities.

The present situation of Youth Organization is:

- 44% members of this organization are engaged in rice cultivation, 14% are in vegetable cultivation, and remainders are in fruit, livestock & diary business.

- 67.8% of the member of Youth Organization are at the same time the member of their respective cooperatives. Efforts have been made to have the members of cooperatives, but as one member from about every family have been the member of Youth Organization, so no need is feeling among the farmers.

### III. APPLICATION TO INDIVIDUAL COUNTRIES

#### A. FARM GUIDANCE IN FIJI

With the establishment of Multi-purpose Agricultural Cooperatives, the trend now in Fiji is to become more involved than ever before with the Ministry of Agriculture and Fisheries, with mutual consultation with our Central Planning Office of the Government. In coordinating the economic development programme of an agricultural cooperative, the role of the implementing agencies mentioned are:

1. Ministry of Agriculture & Fisheries

Extension officers of the Ministry are farm advisers, providing technical agricultural guidance to the farmers.

2. Ministry of Co-operatives

Extension officers of this Ministry are co-operative advisers, providing statutory duties, promotion of the cooperative movement solidarity, amalgamation through multi-purpose agricultural cooperative networks and continued guidance.

3. Central Planning Office

Before an economic development programme can be justly included in the National Economic Development Grid, the Central Planning Office approval would be required as a pre-requisite for good, effective and efficient national planning.

#### Women's Organization

Women's participation in opportunities available in cooperatives to women have been, so far, through women's handicraft and sewing co-operatives. It is worth noting that some of our most successful retail consumer co-operatives are managed by women in their respective villages.

For better living guidance through the co-operatives, the Ministry of Health have had discussions and training programmes with co-operative extension officers, as vessels for conveying the better living programmes to the rural population.



### Youths Organization

Through the Rural Youths Sports and Development Department of the Ministry of Education, youths aspirations are being catered for and spilled over into other ministries, like the Ministry of Co-operatives to accommodate specific rural youth development plans.

## B. FARM GUIDANCE IN NEPAL

Implementing the Japanese experiences of farm guidance and better living activities in the contest of Nepalese Cooperative movement, we should have to analyze the favourable and unfavourable conditions of these two countries.

Nepal is a mountaineous country having more than 80% of its land mountainous like of Japan which has about 72% of its land mountaineous. Both countries have extremely limited arable and habitable land.

In Japan the density of population was 316 person/sp.Km. in 1901 and as we know Japan has very limited area of flat lands its density of population in terms of habitable land is far higher. In Nepal also, the pressure of population on habitable land is very high.

Agriculture land holding in Japan is of very small in size only about 1.2 ha./person. Frangmented land holding is the main problem of Japanese agriculture. In the same way tiny and fragmented landholding is a problem of Nepalese agriculture.

These are the main characteristics of Japanese & Nepalese agriculture.

Japan was suffering from illitaracy and poverty prior to II world war as many developing countries are suffering from. With the same unfavourable circunstances, Japanese agriculture developed much after World War II. Now a day , Japanese economy is mainly based upon industries and commerce and it has been developed an industrialized country. But the industrialization of Japan can not be separated from the rapid development of Japanese agriculture.

It goes without saying that the potentiality of the agriculture sector can be actualized by effectively mobilizing of abundant agriculture manpower and scattered the little saving which have not been fully utilized so far. In fact, the pattern and the process of agriculture development will determine the future course of the development of Nepal.

With the same unfavourable circunstances, Japanese agriculture could succeed to develop much; but, why agriculture

being a main stay of Nepalese economy of Nepal is even in the primitive age? Show Japanese agriculture could succeed to track on proper path, but Nepalese agriculture is still trying to go? Among the several causes, the cooperative in the grass root level, which is a determining factor for the agriculture development of Nepal is very young having a age of less than thirty years and is financially not so sound to render desirable services to their member farmers comparative to Japanese Cooperatives.

There are several causes of the success of Japanese Cooperatives and among them one of a cause as our group has been impressed with, is the services of farm guidance and better living activities provided by the cooperatives to their member farmers.

With these services providing to the members, Japanese Cooperatives have been able to earn a sound faith by them. In Nepal, as the economic condition of average cooperatives are not so sound to provide these services, these activities are providing by the Government itself by its own technical employees (like J.T., J.I.A., Agri. ASSTT., etc.).

In the grassroots level technical advices and other better living activities are being provided by the government employees. Beside that farming materials, agriculture marketing services and other activities which are suppose to be done for the development of agriculture are being provided by cooperatives. With these type of system, there may arise some communication gaps and personality classes between the technical advisers and employees of cooperatives as they are the employees of separate organization. Here in Japan also, as we learn, during the training courses, Government is not interested to employ more technical and extension officers as its own employee. But on the contrary, the number of farm guidance advisers employed by respective cooperatives are increasing.

To bring technical assistant (farm guidance advisers like JT., J.T.A., etc. , employed by the Government) under the umbrella of cooperatives and strengthening the movement, Go-

vernment should specially pay a good attention and should give more subsidee to the cooperatives, particularly for this purpose. Though this system should not apply at once but should be done gradually on the basis of experiment.

We have a firm belief that the farm guidance activities provided by cooperatives, to their member farmers will be like much more helpfull for the development of cooperative movement of Nepal.

## C. FARM GUIDANCE IN PANAMA

The Agricultural Cooperative Movement in Japan is very strong and develop compare with the agricultural cooperative movement in Panama.

In Panama exists only two levels in the agricultural cooperative movement: National Level and Primary Level.

### 1. PRIMARY LEVEL

The primary societies are organized on the city, town and village levels with their memberships composed of farmers. There are 8,170 members of agricultural cooperatives and there are 30 agricultural cooperative societies of which 26 are multi-purpose cooperatives engage in purchasing business, and 4 single-purpose cooperatives specialized in marketing of horticulture and production and marketing of oil producing palm tree, cocoa and poultry.

### 2. NATIONAL LEVEL

The multi-purpose cooperatives and single-purpose cooperatives are organized only in one national federation, the Federation of Agricultural Cooperatives of the Republic of Panama, R. L. (COAGRO), which represent the interest of the agricultural cooperative movement in the country.

In addition, in Panama exists the Autonomous Institute of Panamanian Cooperatives in charge of the registration of all cooperatives and Federations and provide education to the cooperative members, but it does not have directly influence into the business operation and management of the Agricultural Federation. This Institute have to control cooperative's regulations and laws.

In relation with the activities develop by the agricultural cooperatives in Panama, compares with Japanese Cooperatives we can analyze them as follow:

### 1. ECONOMIC ACTIVITIES

The agricultural cooperatives in Panama are not involved in Mutual-Insurance Business neither Credit Business like Ja-

pan. The Insurance Business is running by private companies and in relation with insurance crop, the Government have an Agricultural Insurance Institute in charge of insurance for crop but specifically for rice, corn and sorghum. In some cases provide insurance for poultry. Some of the agricultural cooperatives provide credit facilities to the member farmers exclusively to be used to purchase agriculture inputs through the cooperative. Also, COAGRO have the same credit system for his agricultural cooperatives and for farmers.

In relation to Marketing Business, this activity is not develop yet for COAGRO, neither for the majority of the Cooperatives. Each member has to sale their own products. Concerning marketing for horticulture products, exist two major areas for horticulture production, specially for potatoes. In these areas are organized two of the more important agricultural cooperatives, that have their own country elevator and marketing system for potatoes.

At the present, COAGRO is considering to be involve in marketing activities, to provide this service to the agricultural cooperatives in the near future.

The main activity for the agricultural cooperatives and the national federation is purchasing business, supplying fertilizer, pesticides, seeds, agriculture tools, veterinary products and animal feed.

To guarantee the supply service and strenghten the productive activity, COAGRO has installed a mix fertilizer plant whose annual production capacity is 70,000 metric tons. COAGRO has also a feedstuff plant for hogs and pultry programs.

In relation to the agricultural cooperatives, very few of them have warehouses facilities. To provide this service COAGRO operates eight warehouse-distributors around the country.

## 2. SOCIAL ACTIVITIES

The agricultural cooperatives in Panama are contributing to improve social standard of farmers, but comparing with

Japanese agricultural cooperative movement, it is being doing in a very low term.

1. Guidances Activities

The guidance activities are developing only in terms of farm guidance. Very few agricultural cooperatives in Panama have social guidance.

a. Farm Guidance

The organization of farm guidance could be divided in two aspects: Technical and Administrative Services.

1. Technical Services: (farm guidance)

The technical services are provide by two organizations:

- COAGRO and the Agricultural Cooperatives through their salesmen and technical assistants. This technical services is given to the member farmers but with emphasis in sales the agriculture inputs supplying by these organizations.

COAGRO organize seminars, field visit and courses to the farmers in coordination with the companies that provide COAGRO with agriculture inputs. Also, COAGRO coordinate with these companies visit to the factories and plant that process the agriculture inputs.

- Agricultural Minister through their Technical Extensionist engage in production plans and assesoring farmers into the differents crops.

2. Administrative Services:

COAGRO is nunning an special program for specific period to provide accounting assesory to the agricultural cooperatives.

b. Social Guidance

In Panama, the social guidance are develop in one aspect, consumer services. Only one of the agricultural cooperatives is involve in this activity. There are some consumer cooperatives that are organized independently from agricultural cooperatives.

2. Education Programmes

The education programmes in Panama are develop by two Institutions.: COAGRO and IPACOO. Both organizations work directly with the agricultural cooperative members, organizing round table, discussions, short training courses and in some cases, study visits.

3. Welfare Programmes

Unfortunately, in Panama does not exist this programme for the agricultural cooperatives.

4. Organization of Members

a. Women's Association: The Social Development Department of the Agriculture Minister is involve in the activity but in a very lightly way. The agricultural cooperatives are not organizing Women's yet.

b. Youth Organization: In Panama exist an organism that is in charge of all youth groups, called El Patronato Nacional de la Juventud Rural Panameña (PANAJURU). It is an independent organism that work with funds provided by the Government, annual fees of private companies and banks and International loans received from International Development Bank and the International Development Agency. Also some donations received from Private Foundations.

His programs are to help the youth organizations groups organized by the Agriculture Minister, Education Minister, like as follows:

- 4 H Clubs
- Futures Farmers of America
- Agriculture Students Organization
- Women's Groups (Organized by Agriculture Minister)
- Juveniles Cooperatives

In relation with the Juvenile Cooperatives, we are beginning to organized them.

The main activity of PANAJURU is provide technical assery and credit to these groups. Also interchange students programmes with other countries, specially United States.



## Conclusion

This training course give me the opportunity to understand that cooperative education is basic in the japanese agricultural cooperative movement. The cooperative member farmers can received different services that contribute to improve member's standard of living.

Therefore, the situation is very different between Panama and Japan and we are confronting some problems because most of the farmers have low education and are not able to run their cooperatives efficiently. Also, there are some farmers, specially the bigger farmers, that are not involve into the cooperative movement and some of them compete strongly with the cooperatives member farmers.

Of course, to run those programmes, for better living activities and business activities, is necessarily to have specific funds that are own restrictions on this time.

We have many things to do and a long way to run in the panamanian agricultural cooperative movement. We will start, as soon as possible, with marketing business and farm advisors to help member farmers to increase income. Also, we will be providing more information services like prices markets and production through our Regional Offices.

COAGRO and the Agricultural Cooperatives will make special emphasis in education, and throughout PANAJURU we will influence to the Youth Organizations, into agricultural cooperative movement.

Concerning to Welfare Programmes, Consumers and Insurance Business, we will have to begin first organizing our agricultural cooperatives giving more assesory to the farmers, that can be able to management efficiently their cooperatives before start with these activities.

D. FARM GUIDANCE IN SRI LANKA

When I go back to my country, I like to introduce young farmers association (Youth Organization) to our cooperative movement. Now in Sri Lanka we have Women's Associations that was started some years ago as experimental basis. Now that organization are operating well.

With that experience I think we can introduce youth organization to Sri Lanka through the Multi-purpose cooperative societies.

For the first step we can select one or two districts, out of 26 districts in our country.

Then, with that experience we can develop the Youth Organization in the cooperative movement in Sri Lanka.

## E. FARM GUIDANCE IN THAILAND

Farm guidance in Thailand is carried out by the Ministry of Agriculture and Cooperatives through the Cooperatives Promotion Department (CPD).

CPD is in charge of supervising, regulating and promoting cooperatives including technical assistance, extension of loans to cooperatives and the works perform on behalf of the Registrar. The Department is headed by a Director General and three Deputy Director Generals. There are 10 divisions with 53 sub-divisions and section at head office which includes also the office of Cooperative Inspectors of a regions and Internal checking Office. Locally, there are 59 land settlement cooperative offices, 73 provincial Cooperative Offices and 690 district cooperative offices. A staff of 6,308 persons are assigned to CPD for carrying these activities, about 50% of the staff are in provincial and district offices.

Most of the farmer members are less education and are not able to run their own societies efficiently. Therefore, the Departments Provincial Administration maintains a staff of offices to promote the societies in the provincial and district cooperative offices. These Provincial and District officers perform close and continuous supervision over cooperative societies of all types located in their designated areas.

They give advice and guidance on business methods and practices of the societies as well as agricultural pursuits.

For the purpose of guidance, CPD has a project to establish the consulting Unit and Travelling Guidance which based on the experience of the Japanese farm guidance.

The objectives of consulting unit are as follows:

1. Give advice and guidance to agricultural cooperative on how to guide member farmers in making farming plans (including programmes of production, marketing of products and financial matters) and on how to make the agricultural development plan at the village and cooperative level.
2. Give advice and guidance to the cooperative on how

to solve problems in various fields of business and management plan in the pilot model cooperatives.

3. Give advice and guidance on how to make and implement the development plans in the extension model cooperatives.
4. Give advice and guidance on the consolidation of basic conditions necessary for the construction or the expansion of facilities for marketing and processing of farm products and on their management after the construction.

The consulting unit will be composed by experts as follow:

1. Leader (General Controller)
2. Expert in cooperative management
3. Expert in cooperative marketing and purchasing
4. Expert in farm credit
5. Expert in farm guidance (making of farming plan)
6. Expert in cooperative administration
7. Expert in agricultural economics

Besides those, the farm management guidance programme was arranged in the form of 3 years plan in order to strengthen and expand the farm guidance system aimed at providing advices and guidance to members concerning farm technology and management.

The plan is as below:

The first year

- a. Training and fostering of personel (by attending the training meetings under CPD sponsorship ).
- b. Grasp of area fundamentals (total number of houses, farm households, land utilization, crop ing condition, output and sales conditions, etc.) in the village.
- c. Compilation of cooperative members' farm management registry (farming area, planting, production and sales condition by crop, family composition and labour condition, etc.).
- d. Compilation of farm management record.

The second year.

- a. Starting of farm management record by model farmers, farming program making.
- b. Drafting of plan and discussions on area agricultural development program in each village

The third year.

- a. Diffusion of farm management registry and farming program making.
- b. Area agricultural development program making in each village and program making for the district.

## F. FARM GUIDANCE IN ZAMBIA

In Zambia the execution of farm guidance activities is done through the coordination of two main Government departments namely:

1. Department of Agriculture on production side, and
2. Department of Social Development more or less concentrating on better living activities.

The Ministry of Cooperatives in coordination with the Ministry of Agriculture gives farm guidance on the following:

### 1. PRODUCTION TECHNICS

Member farmers get advice with regard to the new methods of production, land improvement which includes soil conservation on both crop and animal production. Soil fertility tests are being done by government research stations so that the farmers can know what to grow and what fertilizer and manure (quality & quantity) should be applied to ensure maximum production. Relevant guidance on animal production regarding methods of feeding and improvement of breeds by such methods as crossbreeding, cress-crossing, etc.. Ministry of Cooperatives, however, give specialized guidance on credit (proper utilization of loans by preparing cash flows, etc.), cooperative administration, management, audit and education.

### 2. BETTER LIVING GUIDANCE

It is being covered by the Department of Social Development. This department gives guidance on health and cultural activities. In the case of Women Associations the department organizes cooking lessons, on smaller scale agricultural production with much concentration on gardening. More efforts are being made to strengthen guidance activities since it promotes the development of all cooperative activities (both economic and social).

#### IV. CONCLUSION

From all that we have learned and observed, as results of Farm Guidance and Better Living Guidance Activities, we cannot ignore to mention the tremendous progress that have been achieved by the general public of Japan, through these two guidance programmes.

The Co-operative Farm Guidance services is, undoubtedly, one of the best co-operative business-oriented activities implemented anywhere, to promote improved economic business turnovers amongst the member farmers. The range of farming techniques, appliances, equipment and scientific technology now available to farmers in rural regions are something to be seen to be believed. Particularly when one has to consider the magnitude of socio-economic status of Japan from the depressive immediate post-war years of the mid-1940's to the late 1970's and the present.

With Better Living Guidance Activities of the multi-purpose agricultural cooperatives, it is our sincere hope that the rural women activities and the activities of rural youths shall both be given the support and facilities to fully develop, than is obvious today.

What Japan agricultural cooperative member farmers have achieved in the way of religiously and meticulously following the farm guidance of their extension farm advisers and better living guidance advisers are exactly what any right-thinking citizens should strive for.

1. A comfortable home for shelter to his family;
2. Good, appropriate clothings to keep one comfortably dressed;
3. Sufficient savings to support one's family and send one's children to school; and
4. Good, fresh food for better health of the family.

These being the basic fundamental principles of Cooperative Farm Guidance Activities and Cooperative Better Living Guidance Activities, there is no doubt that Japan is moving

towards peace, progress and prosperity, as means of promoting better socio-economic standing and maintaining the country's humble status-quo.

Our agricultural cooperative course had been one of everlasting value, both academically and internationally. Japan's contribution to our country, through us, shall be something to treasure, as we try and implement farm guidance and better living activities amongst the people of the various countries from where we came.