



**ICA-JAPAN REGIONAL AGRICULTURAL COOPERATIVE  
MANAGEMENT TRAINING PROJECT FOR ASIA**



**Strengthening Management of  
Agricultural Cooperatives in Asia**

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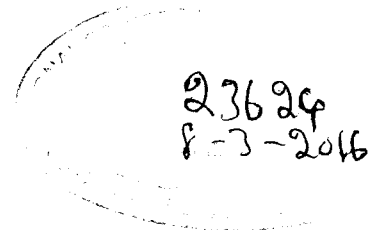
ICA-JAPAN REGIONAL TRAINING COURSE ON  
STRENGTHENING MANAGEMENT OF  
AGRICULTURAL COOPERATIVES IN ASIA

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**COURSE REPORT**  
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of the Twelfth (12th) Training Programme  
held in India, Philippines and Japan  
October 20 1997-April 17 1998

by

**Daman Prakash**  
Project Director



**INTERNATIONAL COOPERATIVE ALLIANCE**

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Report of the 12th ICA-Japan Training Course on  
**Strengthening Management of Agricultural  
Cooperatives in Asia** held in India, Philippines and Japan  
October 20 1997-April 17 1998

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**REPORT**

of the 12th ICA-Japan Regional Training Course on  
**Strengthening Management of Agricultural Cooperatives in Asia**  
India-Philippines-Japan. October 20 1997-April 17 1998

**Submitted to**  
The Ministry of Agriculture, Forestry and Fisheries-MAFF  
Government of Japan

**By**  
The International Cooperative Alliance

**June 1998**

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## PREFACE

THIS Report is the result of the successful implementation of the Twelfth ICA-Japan Training Course on **Strengthening Management of Agricultural Cooperatives in Asia**, held in India, the Philippines and Japan, October 20 1997-April 17 1998. The International Cooperative Alliance places on record its highest appreciation and gratitude of the financial contribution made by the Government of Japan in the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the most active collaborative support extended by the Central Union of Agricultural Cooperatives of Japan (JA-Zenchu), and the Institute for the Development of Agricultural Cooperation in Asia (IDACA), Tokyo, in the execution of this important regional activity. The Alliance is most grateful to its member-organisations in India, the Philippines and Japan and our other collaborating specialised institutions for their help, advice, guidance and logistic support in the successful implementation of this training programme.

The Alliance is thankful to its member-organisations for sponsoring candidates for participation in our long-term training programme, which, I hope, would contribute significantly to the development of agricultural cooperatives as well as meeting some of their human resource development needs. The Course is keyed to the development of the technical capacities and capabilities of managers besides stressing on the concept of '**value addition in agro-processing**' aspects with a view to achieve higher economic returns to the basic level farmer-members. Over the years, our this training course has earned a high level of acceptability among the managers of agricultural cooperatives in the Asian Region.

This time, during the term of the training course itself, we had organised the second top leaders' conference on "**Collaborative Strategies for the Development of Agricultural Cooperatives in Asia**" in collaboration with JA-Zenchu and IDACA. The first Conference was held last year. The Conference was attended by four senior level leaders of our member-organisations. The main purpose was to critically examine the relevance of the regional project as well as encourage the implementation of the project proposals produced by our participants. The discussions held and the suggestions made by the Conference are of great significance not only to our member-organisations but to ourselves as well. The Report of the Conference forms part of this document. We value such introspections. We plan to continue this initiative even with our future training courses.

Another highlight of the programme was to organise two Follow-Up and Review Workshops in Vietnam and the Philippines which were attended by former participants and representatives of the user-organisations. Such follow-up workshops provide very useful feedback which helps us to improve future programmes.

The ICA is extremely grateful to Mr Yoshitada Nakaoka, Managing Director of the IDACA for conducting the Part-II of the programme at IDACA and for organising study visits to agricultural cooperatives in Japan during which time the participants were able to meet with the leaders and members of agricultural cooperatives besides visiting the national, prefectural and primary level agricultural cooperatives.

I take this opportunity of commending the sincere efforts made and deep involvement of my colleagues in our Regional Office for Asia and the Pacific, especially, Mr Daman Prakash, Project Director and Mr Prem Kumar, Programme Advisor, in organising and conducting this programme in a professional and satisfactory manner.

**Bruce Thordarson**  
Director-General  
International Cooperative Alliance

Geneva. Switzerland.  
June 1998

## **FOREWORD**

It is a great pleasure for me to submit this Report to my Director-General for onward transmission and formal submission to the Government of Japan in the Ministry of Agriculture, Forestry and Fisheries (MAFF). This narrative report is not merely a document explaining what has happened during the training course, but is also an exhaustive documentation of the situation of Agricultural Cooperatives in India, the Philippines and Japan, and how the managers try to operate their agricultural cooperatives. The content of the training course was finely-tuned to conform to two major aspects, one, improving the capacities and capabilities of managers of agricultural cooperatives, and secondly, how agro-processing activities in these cooperatives help add value to the basic produce of the farmers. The modules of this training programme are segmented on the basis of strong professional experiences gained over the years by the ICA Regional Office and on the combination of efforts sourced by the ICA ROAP from its collaborators i.e., the ICA member-organisations, specialised institutions such as IRMA, VAMNICOM, the IDACA and other institutions in the Region.

I am extremely pleased to state that many of the beneficiary organisations, former participants, government agencies and cooperative leaders, have considered this programme a unique one, and found it to be comprehensive and very useful. My colleague, Dr Daman Prakash, who has been conducting this programme for the last five years, has put his heart and soul in the successful implementation of the programme. He has been able to enlist the support of a large number of institutions, cooperative leaders, professionals and friends in enriching the contents of the programme. I am thankful to him for all his efforts in bringing added-value to this important programme. Mr Prem Kumar, another colleague of mine, and Advisor to the Programme, has provided his best in the successful implementation of this programme. This teamwork has been exemplary.

**Robby Tulus**  
ICA Regional Director  
for Asia and the Pacific

Bonow House,  
43 Friends Colony-East  
New Delhi. India

May 1998





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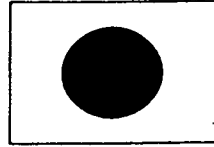
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**TWELFTH {12TH} ICA-JAPAN TRAINING COURSE ON  
STRENGTHENING MANAGEMENT OF AGRICULTURAL COOPERATIVES IN ASIA  
INDIA-PHILIPPINES-JAPAN. OCTOBER 20 1997-APRIL 17 1998**

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**SECTION - I**

**EXECUTIVE SUMMARY**

01 The Twelfth (12th) ICA/Japan Regional Training Course on **Strengthening Management of Agricultural Cooperatives in Asia** was held in India, the Philippines and Japan, from October 20 1997 to April 17 1998. The Programme was conducted with the financial assistance provided by the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan and was executed by the International Cooperative Alliance (ICA) as per agreement reached between the two Organisations. The first part of the 12th Training Course was held in India at the ICA Regional Office in New Delhi and at the Institute of Rural Management (IRMA) at Anand (Gujarat). Study visits were organised to cooperative institutions at various levels in and around New Delhi, and also in Gujarat and Maharashtra States of India. A two-day Workshop on Management Techniques for Processing and Marketing Cooperative Societies and Methods and Techniques of Case Writing was held at the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) at Pune.

02 The fifteen (15) participants to this year's training course were nominated by ICA Member-Organisations from ten countries in Bangladesh, China, India, Indonesia, Malaysia, Myanmar, Pakistan, the Philippines, Sri Lanka and Vietnam.

03 The first part of the training course was organised from 20th October 1997 to 24th December 1997 in collaboration with ICA Member-Organisations in India and in technical collaboration with the Institute of Rural Management (IRMA), the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) and cooperative organisations in the States of Gujarat and Maharashtra.

04 Part-I of the training course in India was followed by the home country assignments during the period December 24 1997-February 10 1998. The participants followed a study visits-cum-national follow-up workshop in the Philippines, February 10-22 1998. The field visits programme and the national follow-up and review workshop in the Philippines was organised in close collaboration with the ICA Member-Organisations in the

Philippines, the Cooperative Union of the Philippines (CUP) and the National Confederation of Cooperatives (NATCCO).

05 The course was inaugurated by HE Mr Sakutaro Tanino, Ambassador of Japan in India at Bonow House at the office of the ICA Regional Office. Mr Yukio Abe, Programme Coordinator of IDACA participated in the Study Visits-cum-National Follow-up Workshop programmes.

06 After the study visits programme in the Philippines, the participants followed the 2-month training programme and project appraisal sessions in Japan at IDACA, February 22-April 17 1998. The eight-week programme at IDACA included study visits to agricultural cooperatives in and around Tokyo and in Yamaguchi and Iwate prefectures in Japan. The participants got acquainted with a variety of national level cooperative federations in Tokyo, and held discussions with leaders, members and managers and staff of agricultural cooperatives in Japan.

07 A continuous process of evaluation and appraisal has been followed throughout the term of the training course, and at the end of each component through evaluation forms and group discussions. An exclusive and comprehensive End-of-the-Course Evaluation was conducted at the conclusion of the training course and Certificates of Participation were awarded to the participants. During the period of this training course two National Follow-up and Review Workshops were held - one in Vietnam (7th in the series), and the other in the Philippines (8th in the series). These were attended by the former participants and the sponsoring organisations.

08 During this year, the ICA, JA-Zenchu and IDACA also had organised a second Asian Top Leaders' Conference on **Collaborative Strategies for the Development of Agricultural Cooperatives in Asia**, attended by top-level executives of Member-Organisations of the ICA from India, Malaysia, Myanmar, and Sri Lanka. The top-level follow-up meeting was held in, Tokyo, Japan from 14th to 17th April 1998. The first Conference was held the previous year which was attended by representatives from China, Indonesia, Korea, the Philippines, Vietnam and Thailand. A resolution adopted by the 2nd Conference is also included in this document.

09 The meeting gave an opportunity to the organisers of the training Course, i.e., the ICA, JA-Zenchu, the IDACA and the MAFF and to the beneficiaries of the training course i.e., the Member-Organisations of the ICA in these countries, to review and analyze the follow-up action taken so far by the Member-Organisations in the implementation or otherwise of the project proposals submitted so far by the participants nominated by them for the earlier training courses. The Conference gave an insight of the problems faced by the cooperative organisations in the Region in formulating accepting, and implementing the project proposals prepared by the participants. A detailed report on the Conference forms part of this document.

10 The participants of the 12th Training Course also attended the Top-Level Conference for two-days for interaction with their respective chief executives and left Tokyo for their home countries on completion of the training course.

11 A more detailed report of the training programme follows.



## SECTION - I I

REPORT OF THE TWELFTH {12TH}  
ICA-JAPAN TRAINING COURSE ON "STRENGTHENING MANAGEMENT OF  
AGRICULTURAL COOPERATIVES IN ASIA"  
India-Philippines-Japan. October 20 1997-April 17 1998

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**COURSE REPORT**  
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### 01 Background

01 The Regional Training Project on Strengthening Management of Agricultural Cooperatives in Asia was launched by the ICA in 1986 after successful negotiations between the Central Union of Agricultural Cooperatives of Japan JA-ZENCHU, a member-organisation of the ICA from Japan and the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan. The Project was launched for strengthening agricultural cooperative activities in the Asian Region through leadership training in new approaches in management practices and adoption of the concept of "value addition through agro-processing".

02 The ICA, an international non-governmental organisation, was chosen by the MAFF as the most suitable international organisation for bringing about these changes in the cooperative system in Asia. Within the United Nations, the ICA enjoys Category-1 Status with the U.N. Economic and Social Council (UN-ECOSOC). The ICA has affiliates in 95 countries with 230 national cooperative organisations and seven international organisations serving over 835 million individual members. The ICA Regional Office for Asia and the Pacific (ICA ROAP) operating from New Delhi, India, since 1960, serves 67 national level cooperative organisations from 28 countries and the ACCU, and represents nearly 500 million individual members (60% of the total individual membership).

### 02 Justification

03 Agriculture still continues to be the most important economic activity in almost all countries of the Asian and Pacific Region contributing to the highest percentage of labour force and the GNP. Agriculture is still the major source of livelihood for majority of the population in the Region. However, agricultural productivity is subject to violent fluctuations caused by its heavy dependence on monsoon and damages caused by natural calamities. Measures taken for prevention of damages to agricultural crops are inadequate and systems for disaster compensation are generally inadequate and *ad hoc*.

04 Agricultural cooperatives are functioning, in one form or another, in almost all the countries of the Asia-Pacific Region. The cooperative activity started mostly with government assistance and initiatives or as a result of projects sponsored by bilateral or multilateral agencies. Each country has evolved its own pattern for organisational structure and functioning of these cooperatives. One thing common to all, however, is the existence of small and marginal farmer-members depending entirely for their livelihood on the meagre incomes from their small holdings. The present role of the cooperatives in providing a suitable infra-structure which can help add value to primary produce, except in a few cases, where agro-processing has been undertaken with positive results, is far from satisfactory.

05 The success spectrum within the Cooperative Movements in the region varies from country to country. There are still managerial problems interlaced with lack of membership participation in the business affairs of these cooperatives. There is a heavy participation and administrative influence of governments in the functioning of these cooperatives due to excessive pressure on these institutions to serve state policies and programmes. As a result cooperative institutions in many Asian countries are more akin to the policies of the government rather than catering to the needs and requirements of their basic constituents i.e. the members. It has also been observed that in a majority of cases cooperatives do not actually involve the members in decision-making. Cooperative are "cooperative-centred" rather than being "member-centred".

06 The staff and board members of cooperatives also lack managerial skills mainly due to inadequate training support available within the movements. Due to limited resources at the command of primary and secondary level cooperatives, it has been difficult for them to sponsor their staff for training at higher level training institutions even within the country or abroad. The management leaders have very little opportunities to interact with their counterparts in other countries. Their understanding and appreciation of cooperative operations remains limited to their home situations. The need is to expand their horizons of knowledge and understanding to improve the quality of management of their own cooperative institutions. The ICA has been providing such opportunities in a limited way to some selected managers and policy-makers through its own programmes. Such opportunities and exposures are considered absolutely essential if the staff and board members are to play effective and fruitful roles in the business activities of their cooperatives.

07 In spite of the drawbacks and difficulties faced by them, the cooperatives are the best suited agencies for agricultural development in the Asian Region. To a great extent they are indispensable for accelerating the development in general and agriculture in particular. The remedy lies in streamlining their activities in a manner in which they could increase their own resources and improve their technical and managerial capabilities to safeguard the interests of their members. Successful examples of cooperatives which have taken such initiatives are not



lacking. Such streamlining would be possible only if the leadership responsible for cooperative promotion and development and for managing their day-to-day operations is responsible to the needs and aspirations of the farmers. Of special importance to cooperative functioning is the leadership provided by managerial and technical personnel competent to ensure maximum economic advantages to the producers and to ensure that the cooperatives are member-centred. The ICA-Japan Training Project on Management of Agricultural Cooperatives in Asia and the Pacific is geared to help in creating such leadership in the regional countries.

### 03 Project Objectives

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

09 **Immediate Objectives:** With a view to achieve the main development objective, a set of immediate objectives have been developed. These are:

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

to increase farm productivity and ensure their welfare and greater participation in cooperative activity.

#### **04 Acknowledgements**

10 In the implementation of the Twelfth Training Course, the ICA has received full support and excellent cooperation from the Central Union of Agricultural Cooperatives of Japan (JA-ZENCHU), a member-organisation of the ICA from Japan; the International Cooperation Division of the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan; the Institute for the Development of Agricultural Cooperation in Asia (IDACA) in Japan; the Institute of Rural Management (IRMA) at Anand, India; the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) at Pune, India; the National Cooperative Union of India (NCUI), New Delhi; the State Cooperative Union of Maharashtra State, India; the Cooperative Union of the Philippines Inc and the National Confederation of Cooperatives-Philippines; and other ICA member-organisations and numerous other cooperatives and institutions in the Region and from resource persons specially recruited for the programme. The ICA is grateful to these leaders, managers and members of agricultural cooperative organisations in India, the Philippines and Japan, for most willingly receiving the participants and for providing them with a lot of information and advice on their operations.

#### **05 The Twelfth Year of the Regional Project**

11 During the twelfth years of the Project working, 180 managerial personnel, both men and women, working in middle to senior level positions in agricultural cooperatives or in their apex level organisations from 13 countries from Asia, i.e. Bangladesh, China, India, Indonesia, Iran, Korea, Malaysia, Myanmar, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam were trained. Officials working with government departments or agencies closely associated with planning for cooperatives or cooperative development were also accepted in some cases, as an exception. By and large, a majority of the participants were selected from cooperative organisations, having direct relationship with activities aimed at serving the farmer-members of agricultural cooperatives. Most of the candidates had already received in their home countries the basic training related to cooperative principles and the managerial and financial aspects of agricultural cooperatives. Only a very small number of these candidates had the opportunity earlier to study or observe cooperative activities outside their national environments.

12 The activities of the Project received considerable attention and publicity in the regional countries and has generated keen interest among ICA member-organisations to the extent that in the meeting of the ICA Regional Assembly for Asia and the Pacific, repeated suggestions were made over the past many years for increasing the number of seats in addition to the 15 now being trained annually.

13 Resolutions appreciating the funding support by the Government of Japan for the Project, and requesting further extensions of the Project were passed by regional top-level conferences held on agricultural cooperation in the region from time to time, thus emphasising the importance of the programme and to derive continued maximum advantage of the training programme by movements in the region.

14 Considering the size, number and structure of Agricultural Cooperative Movement in the Asia-Pacific Region, the number of 15 participants per training course appears to be too meagre and inadequate. However, given the proper encouragement for country-based follow-up training programmes on similar lines, it is possible to generate a chain reaction within individual countries to create an atmosphere for applying the management approaches and techniques through improvement of capabilities of increased number of managerial personnel on similar lines.

15 Throughout the training programme, during these twelve years, the emphasis was on discussions based on live conditions related to grass-root level cooperative activity. The participants were continuously exposed to experiences in various types of cooperatives in different countries through case studies, by visits to many such cooperatives in nine countries i.e., India, Sri Lanka, Thailand, Malaysia, Indonesia, the Philippines, Republic of Korea, Peoples Republic of China and Japan.

16 Enormous volume of documentation has been generated for the training courses during the last twelve years. These documents, case studies and working papers had been repeatedly tested and found to be of considerable value before they were used in this training programme in India and Japan. The documents prepared for field study visits in India, Indonesia, the Philippines, Malaysia, Sri Lanka, Thailand, China, Republic of Korea and Japan have further enriched the accumulated knowledge and information material prepared for these training courses. Publications like the "Agricultural Cooperatives in Japan", and "Agricultural Cooperatives in South Korea" were published by the ICA ROAP as an additional input into the documentation and reference material generated as a result of the project activity.

## **06 Project Funding**

### **-Generous Contribution from the MAFF-Government of Japan**

17 The positive decision of the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan to contribute funds to the ICA for the Twelfth Year of the Project was followed by a grant for its implementation. The financial contribution made by the MAFF has gone a long way to help improve the skills, capabilities and capacities of managers who are managing their agricultural cooperatives in their respective countries in the Region. The ICA is highly appreciative of the contribution and grateful to the Government of Japan for this gesture.

## **07 Administrative Arrangements for the Project**

18 Dr Daman Prakash, appointed by the ICA Head Office as the Project Director in 1992, continued to lead the regional project for the twelfth Course as well. Dr Prakash has the rich experience of working on international projects e.g., Chief Technical Advisor of the ILO/Swiss Cooperative Management Projects in Indonesia, Technical Advisor of the ICA-SCC-NCC Cooperative Teachers' Training Project in Sri Lanka, Asian Regional Consultant of UNDP-TCDC-ICA "Cooperatives in Asia" Project; and Senior Technical Consultant of the JA-Zenchu/JICA-RI Study on Integrated Development of Rural Cooperatives/KUD in Indonesia. He has been working with the ICA ROAP in various capacities for the last 36 years and his contributions in the field of extension, trainers' training and management of rural institutions are widely acclaimed in the Region.

19 The implementation of the Project Plan of Action as submitted by the ICA and approved by the MAFF, was steady and the objectives set for the Project were fully and satisfactorily achieved. Course contents and implementation strategies were continuously improved based on the field feed-back, evaluation and appraisal exercises carried out from time to time. Suggestions made by the user-organisations, former participants, collaborating organisations were also taken into consideration towards improving the quality of inputs.

20 Supporting staff to assist the Project Director in secretarial and financial matters was provided by the ICA Regional Office for Asia and the Pacific. Mr A.H. Ganesan, who had worked with the Project since its inception, continued to be with the Project as its Programme Officer until December 1997 who was replaced by Mr Prem Kumar effective January 1998.

## **08 Project Implementation Schedule**

21 The following Implementation Plan was prepared for the Project:

### **I. Planning Phase: July 01-October 20, 1997**

- Developing curricula and syllabi including planning of technical session modules and field visits in consultation with the Institute of Rural Management, Anand; Vaikunth Mehta National Institute of Cooperative Management, Pune; Maharashtra State Cooperative Union, Pune; and the National Cooperative Union of India, New Delhi.
- Planning the field study visits programme in India and the Philippines in consultation with the ICA Member-Organisations.
- Sending invitation letters to ICA member-organisations to sponsor candidates for the 12th training course.
- Identification and recruitment of resource persons.

- Preparation of case studies and related documentation.
- Selection of participants and finalising arrangements for their studies, travel and accommodation.
- Practical arrangements for organising the first part of the Course in India and the Philippines.
- Financial arrangements for the Training Course.

## II. Implementation Phase: October 20 1997-April 23 1998

- Part-I of the Course in India, including comparative field Study Visits October 20 - December 23 1997; and Field Study Visits in the Philippines, February 10-22 1998.
- Home Country Assignments (HCAs) for actual preparation of project proposals by the participants in their own countries. December 23 1997-February 10 1998.
- Part-II of the Training Course, including Project Appraisal Sessions at IDACA, Tokyo. February 22-April 17, 1998.
- Planning, organisation, conduct and participation in the second Asian Top Level Leaders' Conference on Collaborative Strategies For the Development of Agricultural Cooperatives in Asia, Tokyo, Japan. April 14-17, 1998.
- Final End-of-the-Course Evaluation and the Concluding Session in Tokyo. April 15, 1998.
- Departure of Participants to their respective countries. April 17, 1998.

## III. Reporting Phase: April 17-June 30 1998.

- Preparation of narrative and financial reports and their submission to the MAFF-Government of Japan on the 12th training course.

### 09 Design of Training Course Programme

22 Based on the Project Implementation Schedule and after holding consultations with the ICA, MAFF and IDACA, the day-to-day programme was finalised. The programme design included classroom work, structured assignments, skills development exercises, comparative field studies, group work, interaction with field workers including managers and cooperative leaders and basic members, and continuous evaluation and feed-back sessions.

23 The Course Programme as followed is placed at **ANNEXE-I**.

### 10 Reporting and Evaluation

24 The period from the end of the training course in Japan to the end of the Project period (April 17 to June 30 1998) was

utilised to prepare the work report and financial statements for submission through the ICA Head Office in Geneva to the MAFF, Government of Japan, and to review the Project activities with the ICA authorities, JA-Zenchu and MAFF in Japan and other concerned organisations.

25 The activities of the regional training project have also been continuously reported at the ICA ROAP Committee meetings and Planning Sessions. Even otherwise, introspection and a continuous process of evaluation is followed. Until the end of the 12th training course eight National Follow-up and Review Workshops have been held. These were:

01 Korea	...	...	May 1993
02 India	...	...	Dec 1993
03 Sri Lanka	...	...	Dec 1993
04 Thailand	...	...	Jan 1994
05 Indonesia	...	...	Feb 1995
06 Malaysia	...	...	Dec 1995
07 Vietnam	...	...	Sep 1997 -During 12th Course
08 Philippines	...	...	Feb 1998 -During 12th Course

## 11 Course Participants

### -Selection Procedures & Participating Countries

26 Upon receipt of confirmation from the Government of Japan to hold the training programme, the ICA invited nominations from its member-organisations in the Region. For this purpose a specially-designed nomination form was developed, and criteria for selection of participants fixed.

27 Based on the nominations received from the ICA Member-Organisations, and in consultation with collaborating organisations, selection of candidates was finalised. Fifteen (15) participants were selected i.e., from Bangladesh (1), China (2), India (2), Indonesia (2), Malaysia (1), Myanmar (1), Pakistan (1), Philippines (2), Sri Lanka (1), and Vietnam (2). All the participants attended the course for its full duration.

28 A list of Course Participants together with their updated addresses is placed at **ANNEXE-II**.

## 12 Location of Training Activities

29 Part of the sessions of the Part-I of the Twelfth Course were held in the Conference Hall of the ICA ROAP at Bonow House in New Delhi and at the campus of the Institute of Rural Management, Anand (IRMA). A two-day Workshop on Management of Cooperative Marketing and Processing Activities and Case Writing was conducted at the Vaikunth Mehta National Institute of Cooperative Management, Pune. Study visits were arranged to cooperatives in and around New Delhi, and in the States of Gujarat and Maharashtra in India - well-known for strong agro-processing activities in dairy and sugar sectors and member-driven cooperative institutions.

30 The study visits in the Philippines were arranged to national level cooperative organisations, agricultural cooperatives and other cooperative institutions in Manila and some locations in Luzon province.

31 Part-II of the training course was held at the IDACA premises in Tokyo, Japan, under an agreement signed earlier between the ICA ROAP and the IDACA.

32 Study visits to agricultural cooperative organisations in and around Tokyo and in Yamaguchi and Iwate Prefectures were organised in Japan in collaboration with the IDACA and agricultural cooperative organisations in these two prefectures.

### 13 Pedagogy Followed

33 Except during the regional review period, the entire course programme in India was based on modules prepared for each topic. The pedagogy used for all modules was as follows:

- Class schedule giving the details of the topic and reading material for each session was followed by discussion.
- During the group discussions, faculty members were also present to clarify issues and these discussions were followed by group reports, again followed by further discussions and faculty summaries. Extensive use of computers were made by the participants. Thus case methods, group discussions and audio-visuals supported by computer were blended together with class-room discussions to facilitate proper understanding of the subject under study.
- Computer inputs were made specifically for financial and project management modules and their applications.
- During Part-II of the Training Course at IDACA, the lecture method was combined with group discussion method. Some lectures were based on case studies prepared by the lecturers. Slides, OHTs, documentary films and also video films were extensively used. Group discussions were arranged on the basis of questions posed by resource persons. Assignments were given to the groups for preparing a Regional Agricultural Promotion Plan (RAPP) for a model multipurpose cooperative.
- Extensive use of overhead projector, slides, computer projection, maps and charts were also made during the entire programme.
- Participants were asked to revise their project proposals prepared and presented by them during Part-II of the training course in Japan based on the comments and suggestions made by the participants themselves and by resource persons.

**14 Text Books and Support Material  
Distributed among the Participants**

34 During the period of the training programme the following major reading/teaching materials were distributed and used:

- 01 Guidelines for the Design of Agricultural Investment Projects. FAO-UN Publication
- 02 Financial Analysis in Agricultural Project Preparation Food & Agriculture Organisation/UN Publication
- 03 What is a Project? IRMA Publication
- 04 Managerial Decision-Making in Agricultural Cooperatives -Some Selected Cases. ICA ROAP Publication
- 05 Some Contemporary Issues in Professionalising the Management of Agribusiness Cooperatives. IRMA Publication
- 06 Agricultural Cooperatives in Japan - The Dynamics' of their Development. MV Madane. ICA ROAP Publication
- 07 Agricultural Cooperatives in South Korea - The Unitary Approach. MV Madane. ICA ROAP Publication
- 08 Perspective Planning for Regional Development by Agricultural Cooperatives - the Japanese Experience. ICA ROAP Publication
- 09 Making Farmers' Cooperatives Work. Tushaar Shah. Sage Publications
- 10 Towards Genuine Cooperatives. Karl Fogelstrom. ICA ROAP Publication
- 11 Cooperative Democracy vis-a-vis Members' Education. Daman Prakash. The Coop Times Publication
- 12 Cooperatives & Environment. Daman Prakash. ICA ROAP Publication
- 13 Our Civil Society and Cooperatives. Daman Prakash. ICA ROAP Publication
- 14 Social Objectives of Cooperatives. Daman Prakash. ICA ROAP Publication
- 15 Management Leadership Development in Agricultural Cooperative Business. Daman Prakash. ICA ROAP Publication

35 Copies of reports of previous courses, some selected project proposals prepared by former participants, a variety of teaching modules, handouts and field study compendium were also circulated among the participants.

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**CHRONOLOGY OF ICA-JAPAN COURSES HELD DURING 1986-87 TO 1997-98**

<i>Course No.</i>	<i>Dates</i>	<i>Countries Where Courses Held</i>	<i>Participating Countries</i>
01	Nov 01 1986- May 03 1987	India, Thailand, Japan, and Rep. of Korea	Bangladesh, China, India, Indonesia, Korea, Malaysia, Philippines, Sri Lanka and Thailand.
02	Oct 26 1987- May 10 1988	India, Thailand, Japan and Rep. of Korea	Bangladesh, China, India, Indonesia, Korea, Malaysia, Philippines, Sri Lanka and Thailand.
03	Oct 24 1988- May 07 1989	India, Thailand, Japan, and Peoples Rep. of China	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand
04	Oct 23 1989- May 10 1990	India, Thailand, Japan and Rep. of Korea	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, and Thailand.
05	Oct 22 1990- May 10 1991	India, Thailand, Japan and Rep. of Korea	Bangladesh, China, India, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand.
06	Oct 21 1991- May 10 1992	India, Thailand, Japan and Peoples Rep. of China	Bangladesh, China, India, Indonesia, Iran, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.
07	Nov 09 1992- May 08 1993	India, Thailand, Japan and Rep. of Korea	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.
08	Oct 20 1993- Apr 21 1994	India, Sri Lanka, Thailand and Japan	Bangladesh, India, Indonesia, Iran, Korea, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand & Vietnam.
09	Oct 17 1994- Apr 22 1995	India, Indonesia and Japan	Bangladesh, India, Indonesia, Korea, Myanmar, Philippines, and Vietnam.
10	Oct 18 1995- Apr 20 1996	India, Malaysia and Japan	Bangladesh, China, India, Indonesia, Korea, Malaysia, Myanmar, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.
11	Nov 03 1996- Apr 20 1997	India, Sri Lanka and Japan	Bangladesh, China, India, Indonesia, Malaysia, Myanmar, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam.
12	Oct 20 1997- Apr 23 1998	India, Philippines and Japan	Bangladesh, China, India, Indonesia, Malaysia, Myanmar, Pakistan, Philippines, Sri Lanka and Vietnam.
<b>Total Number of Attending Participants</b>			... 180
<b>Total Number of Training Courses Held</b>			... 12
<b>Total Number of Countries Covered under the Project</b>			... 13
<b>Total Number of Project Proposals Prepared by Participants (upto 12th JTC)</b>			.. 177

**Countrywise Participation in ICA/Japan Management Training Courses held during 1986-87 to 1997-98**

COUNTRY	1986-87 JTCI	1987-88 JTCII	1988-89 JTCIII	1989-90 JTCIV	1990-91 JTCV	1991-92 JTCVI	1992-93 JTCVII	1993/94 JTCVIII	1994/95 JTCIX	1995-96 JTCTX	1996-97 JTCTXI	1997-98 JTCTXII	Total
Bangladesh	1	1	1	1	1	1	1	1	1	1	1	1	12
China	2	2	2	2	2	2	-	-	-	1	2	2	17
India	3	3	2	2	2	2	3	2	3	2	2	2	28
Indonesia	1	2	-	-	-	1	1	2	3	1	2	2	15
Iran	-	-	-	-	-	1	1	1	-	-	-	-	3
Korea, Rep. of	2	2	2	2	2	2	2	2	2	2	-	-	20
Malaysia	1	1	1	2	1	1	1	1	-	1	1	1	12
Myanmar	-	-	-	-	-	-	-	1	2	1	1	1	6
Pakistan	-	-	1	1	1	1	1	1	-	1	1	1	9
Philippines	2	1	2	2	2	1	1	-	2	1	1	2	17
Sri Lanka	1	1	2	1	2	1	2	2	-	2	2	1	17
Thailand	2	2	2	2	2	1	1	1	-	1	-	-	14
Vietnam	-	-	-	-	-	1	1	1	2	1	2	2	10
<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>180</b>

## SECTION - III

### PART-I OF THE TRAINING PROGRAMME HELD IN INDIA

01 Part-I of the Training Course was held in India including study visits in and around Delhi and in Gujarat and Maharashtra States.

#### 01 Programme Inauguration

02 The 12th Training Course for Strengthening Management of Agricultural Cooperatives in Asia was formally inaugurated at the ICA ROAP premises on Monday, 20th October 1997, by His Excellency Mr Sakutaro Tanino, Ambassador of Japan in India. The inaugural function was attended by a large distinguished audience of cooperators from different national level cooperative organisations, Government of India in Delhi, the participants, former participants and the staff of the ICA ROAP. The inaugural session was also addressed by Dr Robby Tulus, ICA Regional Director for Asia and the Pacific; and Dr Daman Prakash, ICA ROAP Project Director.

03 Formally inaugurating the 12th Training Course, HE Sakutaro Tanino recalled that his predecessor had been involved in the conduct of the previous training programme and that he was already briefed by his officers about the ICA and its development activities. The Ambassador appreciated the role played by the agricultural cooperative organisations in Japan and the contributions that his Government had made in the protection of farmers' interests. The importance of research and development activities in the agricultural sector in Japan was highlighted by citing that the research and technological experimentation results have been regularly provided to the farmers with one objective - to raise their income levels and to maintain the interests of Japanese farmers in agriculture.

04 His Excellency Tanino also confirmed the interest of the Government of Japan and particularly that of the MAFF in the development and management in agricultural activities, and more specifically in enhancing the management of such institutions. He assured the ICA that his Government's interest in the conduct of such training programmes would continue. He also explained that like in other countries, Government of Japan is also concerned with the element of subsidy in agriculture sector. He mentioned that Japan is very keen to improve working relations with farmers' organisations and cooperative institutions in the developing countries and for this purpose some development programmes have been fielded with the collaboration of host governments and institutions.

05 He congratulated and commended the ICA "for most ably running this training programme regularly since 1986" which "brings together representatives from several countries in Asia, offering them invaluable opportunity to learn specialised

management practices in running agricultural cooperatives". The emergence of Asia as a leading dynamic growth region in the world has led to a special thrust towards expansion of industries, especially in high-growth sectors of the economy. The Ambassador said that agriculture being a primary yet a vital sector tends to face serious challenges and hence must strive to modernise itself both in technology up-gradation as well as in terms of marketing and management practices.

06 The Ambassador said that simple technology and innovations for simple farmers in the developing countries are relevant. Farmers need ready credit, latest technologies, diversification, improved management of agricultural land and better marketing of agro-products. He assured the participants that the experience of Japanese agricultural cooperatives, should be of great value and relevance to them. He was happy that agricultural cooperative institutions in Japan would be supporting this training course.

07 He wished the participants a very useful work ahead of them including two months stay in Japan studying the Agricultural Cooperative Movement in that country.

08 Welcoming the Chief Guest, the distinguished guests and the participants, Dr Robby Tulus, ICA Regional Director for Asia and the Pacific, who presided over the inaugural function, said that the ICA has been able to successfully hold this training course for the twelfth time due to the unfailing mutuality that has grown in spirit and action between the ICA and the JA-Zenchu, and the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan. He expressed the ICA's profound gratitude to the MAFF, through the Chief Guest, representing the Japanese Government in the country. He expressed his happiness on the long-standing collaborative efforts between the ICA ROAP and the IDACA. The Institute has been a consistent partner of the ICA in developmental efforts and both the institutions share the same objectives and participate in each others' activities.

09 Dr Tulus said that the ICA has so far trained 165 managers from various countries in Asia and in the present day changing context, cooperatives in Asia must begin to see new networks as a natural course of idea flows and hoped that this training programme will endeavour to heighten the quality of cooperative managers from the agricultural cooperative sector. The exposure that the participants will undergo during the training course, to the various management models in the countries to be visited by them, will, Dr Tulus hoped, bring the needed impetus for participants from other countries to emulate and implement effective changes within their own respective organisations. Dr Tulus wished the participants a fruitful and useful training ahead.

10 Welcoming the Chief Guest, the Project Director, Dr Daman Prakash said that the Project is a unique one which has ushered in an era of international cooperation between a donor government and a non-governmental international organisation. Successful implementation of this training programme for the last many years

by the ICA has made the extension of financial support by the Government of Japan to an additional training course for women cooperative leaders as well.

11 The training programme has so far trained 165 managers working at different levels of positions and tiers of cooperatives from 13 countries of Asia who have prepared 163 viable and bankable development project proposals. He said that 28 projects have been implemented in different countries of the region and around 20 are under active consideration for implementation. The 12th course will be located in India, the Philippines and Japan for a period of six months and the participants will have an opportunity to study the cooperative management situations in these three countries. With the 12th course participants, the Project Director said, 180 participants would have received training in the management techniques and practices in the region. He congratulated the participants on their selection for the training course and wished them a very successful training programme. He assured the participants that the structure of the programme will enable them to learn from the comparative study visits and classroom work. While congratulating them on their selection for participation in the programme he would like to receive their full cooperation and support in the conduct of the programme.

12 Dr Daman Prakash expressed his gratitude to the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan for their continued cooperation and support to the programme and to the JA-Zenchu and IDACA for their active collaboration in the successful implementation of the Programme. He was grateful to HE Ambassador to have accepted the invitation of the ICA to formally inaugurate the training programme.

## **02 CHARACTERISTICS AND PROBLEMS OF AGRICULTURAL COOPERATIVES IN THE PARTICIPATING COUNTRIES - A Brief Regional Overview**

01 The first two weeks of the training programme were devoted to the review of agricultural cooperative situation with special reference to their problems and managerial practices. The reviews were based on the papers prepared and presented by the participants from 10 countries. Resource persons from the ICA Regional Office participated in the Review Sessions.

### **[01] Bangladesh**

02 Some of the basic indicators of Bangladesh are as follows: Population-111.4 million; Population growth-2.17%; Land Area-147,570 sq km; Agricultural Labour Force-63.2%; Per Capita Income-US\$ 240.

03 Agriculture is the main occupation of the people employing 63.2% of the labour force. This sector directly contributes around 32% to the GDP. Rice, wheat, jute, sugarcane, tobacco, oilseeds, pulses and potatoes are the principal crops. 7 million

bales of superior quality jute is produced annually. 75% of the export earning come from raw-jute and jute manufactures. About 80-85% of the population directly or indirectly depends on agriculture. Agriculture sector needs extensive farm credit. The cooperative credit structure in the country comprises of three-tier system with Bangladesh Samabaya Bank Limited as the apex institution. Central Cooperative Banks at the intermediate level and the primary cooperatives at the village level help meet the credit requirements. This three-tier system is called the general/traditional cooperative system, while the other two-tier system is known as BRDB/TCCA cooperative system.

04 Agricultural cooperatives in Bangladesh stand divided into two parallel structures i.e. the traditional cooperatives (numbering 40,678) headed by the Bangladesh Jatiya Samabaya Union following a three-tier structure; and among farmers cooperatives (numbering 103,424) run on the pattern of the Bangladesh Academy for Rural Development (BARD). Both the types of cooperatives serve the same target groups and have created, the problem of over-dues on the one hand and inadequacy of loans on the other.

05 The apex organisation of the traditional cooperatives is the Bangladesh Jatiya Samabaya Union, which also serves as the umbrella organisation of the Movement. The BJSU is a member of the ICA. The traditional cooperatives, numbering 468, are serviced by the Bangladesh Samabaya Bank through the central cooperative banks numbering 72, and the 51 Thana central cooperative associations. The traditional cooperatives also include 13 sugarcane growers cooperative societies, 30 central level multipurpose societies, 46 land mortgage banks, 2 fisheries societies, ten urban cooperative banks, 152 primary multipurpose cooperatives, and others. 18 cooperatives were liquidated during last year. The BARD cooperatives are linked to the 449 Thana Central Cooperative Associations and the Krishi Samabaya samitis (64,866). Both these cooperative structures cover only 15% of the total agricultural credit requirements in the country and the rest is met by the cooperative banks, Grameen Banks and others. Agricultural cooperatives cover about 25% of irrigation services, 25% of fertilisers, 20% of seeds, 20% of pesticides and 40% of agricultural machineries and equipments required by the farmers.

06 The problems faced by the Movement are many. To name a few:

- Lack of cooperation and coordination between the two types of cooperatives, and among the apex/secondary/primaries within each type for rendering effective services to the member-farmers;
- Short duration of the boards of directors - one year only;
- Interference and administrative control by the department;
- Lack of managerial skills;

Small-size and low membership in primary societies making them weaker economic units.

07 The Government is contemplating certain remedial steps to strengthen the Cooperative Movement in the country. These measures include: amalgamation of successful societies; liquidation of societies with huge overdues; cancellation of membership of wilful defaulters; reorganisation of Bangladesh Samabaya Bank as the single agency for all kinds of cooperative loans; unification of traditional and BARD agricultural cooperatives at the village level; introduction of rural based project financing for creating off-farm seasonal employments; and planning for integration of cooperatives at all levels and introduction of competent professional management.

08 The Bangladesh Samabaya Bank registered on 31st March 1948, is the country's apex financial institution with an area of operation throughout the country and its membership open to all types of cooperative societies. The Bank services the Movement through its 465 affiliates. Short-term loans in the shape of cash, seeds, fertilisers; medium-term loans for purchase of plough cattle and small size agricultural implements; and long-term loans for redemption of old loans, purchase of agricultural machinery and improvement of land are given by the Bank. During the period 1995-96, the Bank disbursed agricultural loans of Taka 541.1 million and recovered Taka 477.4 million. The Bank is financially sound and poised for further growth with new economic package of the new government.

#### [02] China

09 Some of the basic indicators of China are as follows: Population-1.21 billion; Land Area-9.6 million sq km; Cultivated land-95.333 million ha; 26.3% for paddy cultivation, Per capita income-US\$ 620. The main cereal crops cultivated in China include paddy/rice, wheat, maize, millet, sorghum. China is world's principal cotton producers. The All-China Federation of Supply and Marketing Cooperatives (ACFSMC) is in-charge of country's cotton purchase work.

10 Liberalisation process of economy started in China in 1980 continued during the year 1996-97 as well. Agriculture occupies a dominant place in the economy. In 1995, the total area sown for grain crops was 110 million hectares, with cereal crops sown area was 89.3 million hectares, soybean 11.2 million hectares and tubers 9.5 million hectares. Main crops of China include Rice, Wheat, Corn, Soybeans, tubers, oil-seeds, industrial crops etc. The country's total grain output in 1995 was 466.6 million tons, an increase of 4.5% over 1994 production. 80% of the production is of cereal crops and others represent the remaining 20%. Quality of people's lives has gradually increased due to shift in food habits and more intake of animal protein.

11 The Cooperative Movement, first started in China in early 20th century, continues to progress under the All-China Federation of Supply and Marketing Cooperatives. The first cooperative was organised in 1918 followed by agricultural marketing cooperatives in cotton growing regions. Consumer cooperatives were formed in the 1920s and the first Cooperative

Law was promulgated in 1935. In 1949, after the founding of the Peoples Republic of China, supply and marketing cooperatives were set in the early 1950s to assist the farmers with their input supply and output marketing and to meet their credit requirements.

12 The supply and marketing cooperatives of China follow a four tier-structure. 33,601 grass-root level supply and marketing cooperatives federate themselves into 2300 county level cooperatives, which, in turn, are affiliated to the 28 SMCs at municipal and provincial levels. All the SMCs are federated into the All-China Federation of Supply and Marketing Cooperatives (ACFSMC). The ACFSMC was formed in 1954 and became a member of the ICA in 1985. As the representative national apex of the Cooperative Movement, the ACFSMC is responsible for the cooperative reform programme, development strategy, policy coordination, management and protection of interests of SMCs. The ACFSMC coordinates and harmonizes actively the relations between the SMCs and other government departments and helps the SMCs across the country to promote foreign trade and technical exchanges with foreign countries.

13 The SMCs boast an extensive network of 700,000 business units, with a membership of 80% of the Chinese farmers. 0.16 billion farmer-member households as shareholders with a total capital base of 10 billion yuan. The ACFSMC has more than 16,392 industrial enterprises for value addition purposes and about a million employees with a total output of 83.5 billion yuan. Eighty percent of output value comes from agro-processing.

14 Shanxi is an inland province which lies in the North China, Taihand Mountain in the east, Yellow River in the west. Its total area covers 156,000 sq km with a population of 31 million. The province is the source of energy, chemical and heavy industry in the country. It has a farm population of 23.3 million. The total cultivated land is about 3.6 million ha. Shanxi Federation of Supply and Marketing Cooperatives is the successor of Shanxi Supply and Marketing General Cooperatives, which was founded in 1949. There are 11 prefectural, 118 county, 1,771 town level supply and marketing cooperatives; 8,366 comprehensive service stations and purchasing and marketing agencies, 3,030 all kinds of wholesale organisations, 17,735 retail shops, 1,446 storing and transportation services, 950 industrial production enterprises and 140,000 workers and staff members.

15 The management of the federation is based on democratic principles. The highest authority is the members' general meeting, which delegates its authority to the board of directors. The board appoints managers and other staff to carry out the business. It carries business on contract-system.

16 The important task is to deepen the reform of the Federations and make the Federation truly peasants' cooperative economic organisations. The main focus is on: streamlining the organisational structure, strengthening the functions of services, improving the operating mechanism, tightening

supervision and management and giving protection and support to the Federation.

### [03] India

17 Some of the basic indicators are as follows: Population-900 million; Land area-328.7 million ha, Cultivated area-142.1 million ha, Average land holding-1.5 to 2 ha, total number of cooperatives of all type-342,000, membership-164 million, Per capita Income-US\$ 340. Major products include Rice, wheat, sorghum, maize, coarse pulses, pulses, oilseeds, cotton, jute, sugarcane and horticultural crops.

18 The Cooperative Movement in India is one of the oldest in the Region. Starting as a credit movement in 1904, it has now branched off into several specialised sectors such as marketing, international trade, agro-processing, fertilizer production and supply, production of heavy machinery, housing, consumer, fisheries etc. Agriculture is the strongest segment of the cooperative sector. During 1995, the total number of cooperatives in the country is around 395,267, with a membership of 189.62 million; share capital of Rs. 89 billion, working capital of Rs. 118 billion, and assets worth Rs. 826 billion. Cooperatives cover 99.5% of all villages in the country and rural household coverage of 96%.

19 Most of the cooperatives are vertically integrated through their respective specialised federations or unions at the district, state and national levels. Twenty-one national level specialised federations are members of the National Cooperative Union of India (NCUI) which is the spokesman and umbrella organisation of the entire Cooperative Movement in the country and also has membership within the ICA. Primary cooperatives are affiliated to the district level unions/federations, which in turn, are federated into 284 State level unions/federations.

20 Agro-processing activities are undertaken by 244 cooperative sugar factories covering 60.5% of sugar produced in the country, 70,188 dairy cooperatives federating themselves into unions, 138 oil seed cooperatives, rubber, horticultural cooperatives and others such as rice and other mills.

21 The National Cooperative Development Corporation (NCDC), set up by the government, assists in the planning and development of marketing infrastructure and agro-processing industries within the cooperative sector. The Corporation has played an active role in the development of cooperative marketing and processing, dairies, poultry, fishing and has extended financial assistance to the tune of Rs. 3.3 billion since its inception.

22 India is the fourth largest producer of nitrogenous fertiliser. There are at present 57 fertiliser units manufacturing fertiliser. The installed capacity of "N" has gone upto 9.18 million tons during 1994-95. Fertiliser is distributed through 2.3 million sale points out of which 31% are cooperatives and 69% are private sale points.



23 The Department of Agricultural Research and Education, established in 1973, is responsible for coordinating research and educational activities in agriculture, animal husbandry and fisheries. The programme is implemented through a network of 46 central institutes of Indian Council of Agricultural Research (ICAR), 71 research projects and 27 agricultural universities located all over the country.

24 Value adding cooperatives are agro-processing units providing infrastructure for the benefit of farmers. The principal segments of these are: sugar cooperatives, dairy cooperative, rubber cooperatives, oil seeds cooperatives, horticultural cooperatives and fertiliser cooperatives.

25 The Indian Farmers' Fertiliser Cooperative Limited (IFFCO) is a federation of about 30,000 cooperatives from village level to national level, spread over in 18 states with a share capital of Indian Rs. 3,602 million. It has emerged as Asia's largest fertiliser producing cooperative. During the year 1996-97, IFFCO has paid-up share capital of Rs. 3,625 million, net worth of Rs. 14,308 million and net profit of Rs. 1,664 million. It has established four modern plants located at Kandla and Kalol in Gujarat and at Phulpur and Aonla in Uttar Pradesh. During the year it produced 2,876 million tons of fertiliser material with a capacity utilisation of 107 per cent. During 1996-97 IFFCO has sold 3,155 million tons of fertiliser. IFFCO's extension programme is the most successful one.

26 Animal husbandry plays an important role in agricultural production. India has largest number of livestock in the world. It has lowest per unit amount of grazing land. Five-Year Plan objectives have all along been to increase the supply of milk and milk products, drought animals for farm operations to increase the yield of wool and hides by providing the cooperative marketing structure. Cattle and buffaloes contribute nearly 15% of the gross national in value in milk industry. As a result of various development programmes, the country now has 233 processing plants and 46 milk products factories. The cooperative and organised sectors have an estimated handling capacity of 2.5 million litres per day. Through network of 72,740 milk cooperatives organised under the Operation Flood Programme, a national milk grid has been established. The programme has mobilised collection of 10.94 million ltrs per day through cooperative channels.

27 The National Dairy Development Board (NDDB) of India has been the prime mover in the expansion and development of dairy cooperatives sectors. Some of the highlights of the Indian Dairy Cooperatives have been as follows:

- The growth of milk production has increased from 0.7% per annum in 1970 to 4.7% per annum thereafter, the result of the policies and programmes of Operation Flood;
- Milk production has increased from 24.5 million tons in 1970 to 70 million tons in 1997;

- More than 10 million member households have stood to gain and the urban consumer has an assured supply of quality milk;
- Indigenous dairy equipment manufacturing capacity has reached the point where less than 10% of dairy equipment is required to be imported;
- 60% of those who have benefited from Operation Flood are landless or small farmers, with a holding of less than two hectares of land.

28 The Karnataka Milk Federation is a cooperative apex body in the state of Karnataka for representing dairy farmers and also for implementing dairy development activities to achieve the following objectives:

- providing assured and remunerative market for all the milk producers in the State;
- Providing hygienic milk to urban consumers;
- Building village level institutions in cooperative sectors to manage the dairy activities;
- ensuring provision of milk production inputs, processing facilities and dissemination of know-how; and
- facilitating rural development providing employment opportunities at the village level.

29 As at the end of 1997, the network of 7,658 dairy cooperatives have been organised in 167 talukas (sub-districts) in 20 districts. 13 milk unions have been organised. There are 38 chilling centres, 3 farm coolers and 2 product dairies for chilling and processing. Two cattle-feed plants of 100 TPD are functioning.

30 With the opening of dairy sector, due to liberalised economic policies of the Government, the dairy industry is facing a severe threat and competition. Ways and means of meeting this competition in a most effective and successful way is engaging the attention of the cooperators in the country.

31 Though the growth of the cooperative in the different parts of India is uneven and lopsided, substantial progress has been achieved in many States. Cooperative sugar processing and dairying have achieved substantial success in the states of Maharashtra and Gujarat. Marketing activities are stronger in many states of India. Oil-seeds processing and fertilizer production as well as traditional sectors of credit have made spectacular inroads in a few states.

32 Deposit mobilisation promoting savings amongst members are quite a success in States like Kerala. Overall the Movement has a long way to go and one of the strong impediments to the growth

of the Movement is the restrictive nature of cooperative laws in many states of India and in spite of vigorous efforts by top leadership, the model cooperative societies law which provides less control of the department and more freedom to the cooperators is yet to see the light of the day. Every government which comes into power promises autonomy of cooperatives but when it comes to passing of law, it is not yet achieved.

#### [04] Indonesia

33 Some of the basic indicators of Indonesia have been as follows: Population-193 million (60% on Java Island itself), Land area-9.8 million sq km (land territory only 1.9 million sq km), Per capita Income-US\$ 980, Total number of cooperatives- 35,861 (out of which 9,002 rural cooperatives/KUD), total membership-25.6 million.

34 Agricultural cooperatives in Indonesia are organised in a three-tier structure. The multipurpose cooperatives (KUDs) at the primary level which are federated into the PUSKUD at the provincial level and these are affiliated to INKUD at the national level. There are at present 9,064 KUDs and 35,861 other types of cooperatives in Indonesia. The KUD is characterised by its multipurpose business with farmers, fishermen and handicraftsmen as its members. Most activities are anchored on agriculture. The main functions of KUDs are: (a) distribution of farm production inputs and consumer goods; (b) provision of credit and collection, processing and marketing of produce of members.

35 KUDs have a membership of 13 million and non-KUDs have a membership of 12.6 million. Main objectives of the KUDs were to consolidate the people, consolidate and rationalise land resources for agricultural production and to provide means of incomes to the people and to use them to maintain national food stocks, mainly rice. More than 5,000 KUDs out of the total of 9,064 have achieved the status of self-sufficient cooperatives. Provincial level cooperatives have been formed by the primaries and the provincial level federations have formed the national federation.

36 Though the KUDs function on a multipurpose basis, their organisational strength is weak both in financial and business terms. KUDs market their rice through the BULOG which is the rice procurement agency (National Food Stock) for the government. They also act as distribution agents on behalf of the government as and when required. Due to weak structural and financial link-up between the KUD, PUSKUD and INKUD, the cooperatives are not able to compete with private traders. There is very little active participation by members. KUDs lack suitable infra-structure for marketing, storage and processing and other value-adding activities. Other supportive services like member education, farm guidance and staff training are very inadequate. Government training facilities are available for cooperative employees though its network of 27 provincial level cooperative training centres and one national level cooperative training centre.

37 Member education and extension services are shared by the government as well as the Dewan Koperasi Indonesia (DEKOPIN). Formal education in cooperatives is provided by private foundations and academies. There is an Institute of Cooperative Management (IKOPIN) at the national level and eight cooperative academies in the country.

38 The role of government in the promotion of cooperatives is to create conducive and enabling environment for cooperative development through policy pronouncements and review of cooperative legislation; and to provide guidance, necessary facilities and protection for cooperative business. The Government of Indonesia has initiated a comprehensive study by experts on improvement of management of KUDs. The Study has been financially supported by the Japan International Cooperation Agency (JICA) of the Government of Japan and consists of experts from many countries (including one from the ICA ROAP, Dr Daman Prakash). All the segments of the Study have been completed by now and the reports submitted to the Government of Indonesia. When the final report of the Study is submitted and implemented, it is expected that the KUD management structure will improve and strengthen further for the ultimate benefit of member-farmers.

39 The GKSI, the Indonesian Dairy Cooperatives Union, was established in April 1979, as a secondary level institution. The GKSI encourages formation of milk producers cooperatives and has encouraged establishment of processing facilities for milk and milk products and their marketing. The milk cooperatives have promoted dairy farming and the number of dairy cattle as well as dairy farmers are increasing steadily over the years. The milk cooperatives supply inputs like animal feed, equipments, medicines for cattle, AI facilities etc. Major portion of milk collected by the cooperatives is still sold to multinationals like Nestle as cooperatives still lack their own processing facilities.

#### **[05] Malaysia**

40 Some of the key indicators of Malaysia has been as follows: Total population-20.5 million, Total land area-329,758 sq km, Total number of cooperatives-4,077, Total cooperative membership-4.02 million, Share of agriculture in GDP-14.8, Per Capita Income-US\$ 3,890. Main products are rubber, oil palm, paddy, coconut, cocoa and tobacco.

41 The national Agricultural Policy was originally promulgated in 1984 but the strategy for agricultural growth was subsequently redefined for the period 1992-2010. Its objectives are:

- To achieve a balanced development between agriculture and the other sectors of the economy;
- To enhance the sector's economic/structural integration with the rest of the economy, in particular with the manufacturing sector;

- To achieve a higher level of expansion and development of food industry sub-sector;
- To achieve a wider and more effective representation and participation of the Bhumiputera community in modern and commercial agriculture, agribusiness and agricultural trade; and
- To ensure sustainable development in agriculture.

42 Agricultural cooperatives are involved in various activities e.g., credit disbursement, marketing, rice milling and processing activities and cooperative education activities. Agricultural cooperatives and other cooperatives function under various governmental agencies.

43 RISDA (Rubber Small Holders' Development Authority), a government agency, plays a direct role in developing the rubber small holders cooperative by providing contracts for various activities as well as the manpower to administer the daily operations of the cooperatives. The overall policy guidance for the development of the rubber small holders cooperatives is generated by a cooperative unit located in the extension division. However, the cooperative unit has now been transferred to the National Rubber Smallholders Cooperative (NARSCO) known as NARSCO Cooperative Support Unit. The NARSCO is the apex body of the rubber smallholders cooperatives.

44 The Negri Sembilan State Rubber Smallholder Cooperative was established in 1980 to support the operation of the Group Processing Centres which were formed to assist smallholders to jointly process and market rubber. As at 1996, 11,301 smallholders were registered as members with a share contribution totalling RM 1.1 million. Its accumulated asset is worth RM 5.0 million. The cooperative undertakes the following activities: Marketing of rubber, infrastructure development, supply of agricultural inputs, supply of planting materials through its nursery operation, other contracts and land development.

45 Malaysia has been one of the fast growing economies in the Asian Region with an average growth rate of more than 8% during the last many years. The GNP growth rate was more than 10.7% in 1993 and 13.9% in 1994. The industrial growth in the country is fast developing and like its neighbour, Singapore, Malaysia may join the elite group of developed countries status within Asia.

46 The three main core agricultural activities in Malaysia are the estate sector, the small farm sector and the newly-developed land sector. Agriculture is dominated by plantation crops. Oil palm cultivation has taken strides over rubber and other plantation crops due to its high returns and less labour demands. Livestock production is restricted to pigs and poultry. Local beef production is only 10% of total demand and the dairy industry is very small, but slowly expanding. The contribution of agriculture to national economy which was 33% in 1990, dropped to 15.8% in 1993 and the contribution of industry

increased from 12.1% to 30.1% during the same period. Agricultural policy, development and its future is being governed by National Agricultural Policy (NAP) 1992-2010. The land usage for agriculture is expected to go down gradually in the future. Land holding is dominated by small farmers and the average size varies from 2.4 to 5.6 hectares.

47 At the end of 1995, 3,554 non-agricultural Cooperatives were registered and functioning under the Department of Cooperative Development. Agricultural cooperatives are under the registration and supervision of the Farmers Organisation Authority (FOA). 1,511 agro-based cooperatives serving a total membership of 316,602 and with a share capital of RM 66.2 million were functioning as of 1994.

48 The ANGKASA (National Cooperative Organisation of Malaysia) is the national apex organisation of all cooperatives in the country and acts as the spokesman of the Movement. The ANGKASA represents the Movement both at national and international levels and conducts education and publicity activities for managerial development. ANGKASA works in close collaboration with all government departments and agencies connected with cooperative development in the country and is the lobbying force for coop-related activities within and outside the Parliament. As a member of the ICA, it is represented in various specialised committees of the ICA and voices its views. ANGKASA also undertakes pre-audit of cooperatives and assists cooperative employees in their salary deduction facilities under the Federal Pension Scheme (BPA). BPA now serves more than 400 cooperatives with one million accounts amounting to more than RM 80 million per month. BPA is on line with 14 banks in the country making the transactions easier and faster.

#### [06] Myanmar

49 Some of the basic indicators of the Union of Myanmar are as follows: Total population-45.6 million, Total land area-676,577 sq km, Total cultivated land-9,899,010 ha, Total number of cooperatives-24,898, Total cooperative membership-3.0 million, Main products of the country include: Rice, cotton, beans and pulses and sugarcane.

50 The total population of Myanmar, as of 1995-96, was 45.6 million and 66% was engaged in agriculture. Of the total area of 67.6 million hectare, only 13% is under cultivation. A vast potential of land resources remains to be tapped for cultivation purposes. Main crops include cereals like wheat, rice, maize and millet, oil seeds, grams, pulses etc. cash crops like cotton, jute, sugarcane, rubber and tobacco, vegetables and fruits. In 1995-96, the total cropping area amounted to 32.3 million acres showing an increase of 27% over 1991-92. Animal husbandry is another area where substantial growth has been achieved in recent years. Fertilizer production is not self-sufficient and needed quantity is imported for meeting the requirements of farmers.

51 The Cooperative Movement in Myanmar was introduced in 1904

and Indian Cooperative Societies Act was applicable to Myanmar also. The first agricultural credit cooperative was registered in January 1905. After independence from colonial rule in 1948, two cooperative laws were enacted in 1956 and 1970 respectively. The 1970 cooperative law was also amended in December 1992 when the new Cooperative Society Law was enacted. The cooperatives are now being given a free hand. New cooperatives are being organised. The new law has been enacted in line with the new market-oriented economic policies of the country. As of September 1996, there were 5,667 new cooperatives and 15,281 reconstituted cooperatives which formed themselves into 495 cooperative syndicates which are, in turn, affiliated to five provincial level unions. The total number of members in all the cooperatives is around 2.8 million with a paid-up share capital of Kyat 3.7 billion. Primaries group together themselves into Syndicates (cooperative business unions) and these Syndicates form their own Unions or get affiliated to the national apex of the Cooperative Movement, the Central Cooperative Society (CCS).

52 The CCS is the national spokesman organisation of the Cooperative Movement and has been a member of the ICA since 1993. The CCS is engaged in business and cooperative promotional activities. CCS also carries out cooperative education and training activities in collaboration with the Department of Cooperative Development. The primaries are multipurpose in character and provide credit, input supply and marketing of members produce in addition to allied services. Value adding is done by owning and operating processing facilities like rice mills, oil expellers, condensed milk manufacturing, salt plants, textile mills and other workshops. Cooperatives have entered into many joint ventures keeping in tune with the changing scenario in the economy. A cooperative export-import enterprise was established on 1st September 1994 to facilitate trading by cooperatives. Beans and pulses, different species of hard wood besides teak and wood-wares, rattan products, animal feed, handicrafts, dolls etc are exported and palm oil, consumer and household goods, fertilizer, vehicles etc. are imported. Import/export trade is mainly with India, Thailand, Singapore, Hongkong, Japan, South Korea, Germany, France, England and the United States of America.

53 According to the 1970 Cooperative Law primary cooperatives were formed in three basic types - production, services and trade and were organised on the national base. All the cooperatives in one township were formed into Township Cooperatives as a secondary level. These cooperatives were formed into one syndicate in one state or division. And then the Central Cooperative Society was organised at the apex level. when the 1992 Cooperative Law was enacted, village-tract cooperatives were transformed into Agricultural Cooperatives and new agricultural cooperatives were formed. These cooperatives are striving to accelerate the momentum of Agricultural Cooperative Movement. There are 3 stratum of cooperatives which are formed on business basis. They are primary level, syndicate for secondary level land union level as national technical federation.

54 To strengthen the cooperation and coordination in cooperative agriculture among cooperatives, Union of Agricultural Cooperatives Society (UAC) was formed on 16th February 1996, comprising 158 syndicates. Now altogether 2,896 primary agricultural cooperatives are functioning on primary level.

55 The main functions of the Union of Agricultural Cooperative are as follows:

- To undertake local and foreign trading of agriculture produce and farm inputs;
- To make investments appropriate to the business of the union;
- to carry out export and import services;
- to carry out agro-processing, storage, transporting, agency and insurance work;
- to carry out research and technical dissemination on farming;
- to carry out local land international and relations among cooperatives.

#### [07] Pakistan

56 Some of the basic indicators of Pakistan are as follows: Total population-135.2 million, Total land area-796,095 sq km, Cultivated land-30.460 million ha, Total cooperatives-61,761, Total cooperative membership-3.7 million, Per Capita Income-US\$ 460. Main production is of Wheat (16.9 million tons), cotton, rice (3.9 million tons), maize, millet, sugarcane, barley, grains and oil seeds.

57 Pakistan, basically an agriculture oriented country, has wheat, rice, cotton, sugarcane, grams, maize, mustard and tobacco as its major crops. 70% of the population is still dependent on agriculture. Agriculture has contributed 24% of GDP in 1994-95 and has employed 47.54% of labour force. Livestock production is one area where substantial growth has been recorded in recent years.

58 As of 1996, Pakistan had 61,761 cooperatives, out of which 37,665 were agricultural cooperative credit societies. Multipurpose cooperatives number around 4,948. The total membership of the cooperatives was 3,713,964 members, and 1,693,682 members belonged to the agricultural cooperative credit societies. Administratively the cooperatives are affiliated to the secondary federations at district level, then to the provincial level federations and at the national level to the National Cooperative Union of Pakistan, which is the spokesman organisation for the entire Cooperative Movement. The NCUP is a member of the ICA.



59 The cooperative banking structure in Pakistan is three-tiered with the agricultural cooperative credit societies at the base level, the provincial cooperative banks at the province level and the Federal Bank for Cooperatives at the national level. The FBC does not directly lend to the cooperative credit societies but routes funds through the provincial cooperative banks. The FBC provides training facilities to the staff of PCBs and has set up a National Centre for Cooperative Training in 1987. The Centre has held several long-term and short-term training courses. Besides being the principal financing institution for the PCBs, the FBC also carries out supervisory, inspection and monitoring control, education and training functions. The paid-up share capital of Rs.200 million has come from the State Bank of Pakistan, central and state governments. During 1995-96, the FBC advanced a total of Rs. 3.8 billion to PCBs, out of which Rs. 3.79 billion was for short-term production loans for farm inputs.

60 The Punjab Provincial Cooperative Bank Limited is an apex and scheduled cooperative bank registered under the Cooperative Societies Act of 1925 having a network of 161 branches at district and tehsil (sub district) levels in the province of Punjab. The main objectives of the Bank are: to facilitate the working, provide financial assistance, inspect, supervise and estimate credit requirements, provide educational assistance and training, offer financial assistance including donations, take measures designed to improve the working of member cooperatives and to participate in cooperative development programmes in Pakistan.

61 The major functions are to provide short-term and medium-term finance to member cooperatives to cover requirements of agricultural inputs like seed, fertiliser, pesticides etc. The total finance outstanding as on 30th June 1997 was Rs 3,386 million. It borrowed a sum of Rs 2,554 from the Federal Bank for Cooperatives - a government bank.

#### [08] Philippines

62 Some of the basic indicators of the Philippines are as follows: Total population-72 million, ( with an annual growth rate-2.32%), Number of households-13.5 million, Total land area-300,000 sq km. Per Capita Income-US\$ 1,050. Main agricultural products include rice, maize, sugarcane, spices, coconut, coffee, tobacco, abacca and fruits and vegetables.

63 The Philippines, comprising 7,107 islands and islets with three main islands of Luzon, Visayas and Mindanao, is principally an agricultural country. 47% of its 72 million population is highly dependent on agriculture. Main crops of the country include rice, corn, sugarcane, rubber, fruits and vegetables. Agricultural production in the country suffers every year due to typhoons.

64 Cooperatives in the Philippines cater to diverse needs of its membership., i.e. credit, consumer, marketing, services etc.

and mostly are multipurpose in character. The new Cooperative Societies Act, RA 6938, enacted in 1990, has made the cooperatives free from the shackles of government interference and paved the way for smooth and proper democratic development of the movement. As of June 1996, there were 39,222 registered cooperatives in the country, out of which 24,814 (63%) were agriculture-based and 8,858 (23%) were non-agriculture based with a total membership of 5.59 million. The cooperatives are growing fast in number and the membership rose from 1.16 million in 1991 to 5.59 million in 1996. Contribution to GDP from the cooperatives has grown from 2.2 to 9% during 1991 to 1996, from Pesos 29 billion to Pesos 141 billion. 44 cooperative banks have been established by the Movement so far. The cooperatives are striving hard to improve their operational efficiency. Marketing, supply, procurement, transport and processing are some of the weak areas needing improvement. Coops also lack warehousing, packaging, storing, distribution facilities.

65 The Cooperative Union of the Philippines (CUP) and the National Confederation of Cooperatives (NATTCO) are the two national apex organisations. The CUP is the umbrella organisation of the Movement both nationally and internationally. The national organisations undertake training and educational activities and coordinate many developmental activities to achieve greater economic growth of its member affiliates.

66 The Badiang Multipurpose Cooperative was organised in 1989, and registered in 1990. It was confirmed by the Cooperative Development Authority in September 1991 with 43 members and an initial capital of P 8,000. Since the cooperative was organised, it is extending paddy production loan from Land Bank of the Philippines, at present under the GAP of the Department of Agriculture extending a loan of P 10,000 per ha to farmer-members with an interest rate of 26% - 14% of which will go to the Bank and the remaining 12% to be retained by the Cooperative. The Cooperative is an agricultural multipurpose cooperative that render services to its members such as loaning operations with Land Bank, sales of commodity goods at reasonable prices, fertiliser, and chemicals. It hold its monthly board and membership meetings for them to be updated of the status of the cooperative.

#### **[09] Sri Lanka**

67 Some of the basic indicators of Sri Lanka are as follows: Total population-18.2 million (male 35% and female 50%), Agriculture is 27% of the GDP, Average land holding is 1.35 ha, Total number of multipurpose cooperatives-300. Per Capita Income-US\$ 700.

68 With a contribution of 27% to the GNP, agriculture still occupies a predominant position in the economy of Sri Lanka. It employs 48% of the labour force and 58% of all export earnings for the country is achieved from export of agricultural products. Paddy, coconut, tea, rubber, spices, roots, maize, fruits and vegetables are the principal agricultural products. Livestock

02 The objectives of the Workshop were: (i) to critically examine the organisational process and management patterns of marketing and processing cooperatives in relation to their value addition activities for providing better returns to members; (ii) to identify aspects in their organisation and management which need to be strengthened for fuller realisation of the objective, viz., Better economic returns of the produce of members through integrated value addition activities, and (iii) Use of cases in training including case writing techniques.

03 The Workshop discussions by the participants were based on four case studies prepared and presented by faculty members of the Institute and technical papers in respect of thematic perspective with analytical examination of the organisation and management of commodity-based marketing and processing cooperatives with special reference to value-adding. These workshop case studies were prepared on the cooperatives to be visited by the participants during their study visits programme in Maharashtra and has thus helped the participants to analyze the activities and problems of the cooperatives to be visited before hand and also follow-up their discussions at the class room during actual visits to the societies. The technical papers *inter alia* analysing the organisation process and management practices of respective cooperatives in relation to their value addition activities were analyzed by the faculty, on the basis of issues arising out of the studies for group discussions.

04 Participants actively participated in the workshop exercise and the group work and found them useful in critically analysing and evaluating the performance of agricultural marketing and processing cooperatives in the context of its main objective of providing better returns for their produce to members through integrated value addition activities.



## SECTION- IV

### COMPARATIVE FIELD STUDIES

#### 01 COMPARATIVE FIELD STUDIES-I/INDIA

01 One of the core elements of the Training Programme was the exposure of the participants to actual and practical situations in the cooperative sector and to enable them to exchange views and opinions with cooperative leaders, managers and members. A series of study visits to cooperative institutions in different parts of the country and at different levels of the movement was arranged for this purpose. These visits enabled the participants to see for themselves the activities of the cooperative organisations at primary, secondary and national levels. The participants were received and briefed about the activities of the cooperatives by the top leaders, board members and senior level managers. The participants also had an opportunity of meeting Dr V. Kurien, Chairman of the National Dairy Development Board (NDDB) at Anand and exchanging views with him.

02 Study visits to cooperative institutions in India were organised in and around Delhi, Maharashtra and Gujarat States. The following institutions were visited by the participants:

##### Study Visits in Delhi:

- ICA Regional Office for Asia and the Pacific;
- National Cooperative Union of India (NCUI); and
- The National Agricultural Cooperative Marketing Federation of India (NAFED).

##### Study Visits in Maharashtra State:

- VM National Institute of Cooperative Management, Pune
- Cooperative Sugar Factory Complex, Warnanagar
- Consumer Cooperative Store, Warnanagar
- Cooperative Dairy, Warnanagar
- Shetkari Sahakari Sangh, Kolhapur
- Central Cooperative Bank, Kolhapur
- IFFCO Minor Irrigation Project, Kanjari, Pune
- Vasantdada Sugar Research Institute, Kanjari, Pune
- Maharashtra State Cooperative Union Limited, Pune
- Maharashtra State Cooperative Bank Limited, Bombay

##### Study Visits in Gujarat State:

- Institute of Rural Management, Anand
- AMUL Dairy, Anand and its Cattle-Feed and Chocolate Plants
- Tribhuvandas Foundation, Anand
- Mehsana Coop Dairy and its AI Centre, Laboratory
- Primary Milk Producers' Cooperative in Mehsana
- Mehsana Cooperative Oil Union, Mehsana
- Charotar Cooperative Sugar Factory, Palaj, Petlad.

03 During Study visits in India, they were exposed to the working of cooperatives at different levels, from the primary to the state/national levels, for the purpose of studying their organisation, working, management and performance towards improving economic status of the members. Cooperatives visited were carefully selected to appraise them about the existing horizontal and vertical integrations in the field of cooperative credit, marketing and processing institutions and also the backward and forward linkages of their activities and functions.

04 Detailed write-ups on the main features of the cooperatives to be visited were prepared and distributed among the participants in advance. During actual visits, the participants were briefed about the functions of the cooperatives by the leaders and officials of the cooperatives, the participants had detailed discussions with chairmen, board members and chief executives and members of these cooperatives. An on-the-spot visit to the actual working of the cooperative either followed or preceded these detailed discussions.

05 The emphasis during the discussions was on the "value-adding" activities of the cooperatives with the ultimate objective of increasing the incomes of farmer-members.

06 Cooperatives selected for field study visits included educational and promotional, credit, marketing, processing etc. The categories covered included primary agricultural credit society, primary marketing and processing cooperatives, district level cooperative banks, apex level state cooperative banks, cooperative unions and federations at state and national levels.

07 Participants were able to field-test some of the pertinent issues of the organisation and management of the cooperatives on the basis of papers presented and issues discussed. Their subsequent interaction with the leaders, executives and members of cooperatives helped them solve their own points of clarification.

08 As a result of the workshop and field visits the following aspects of the organisation and management of these cooperatives were identified:

- Effective and spontaneous leadership was found to be quite significant. Such leadership constituting elected management of the cooperatives provided policy guidelines for the working of the cooperatives and in ensuring performance of cooperative management towards the fulfilment of their objectives;
- Cooperatives had a good coverage of their membership in their defined areas of operation. Sound financial position has been achieved through share capital participation of members, financing agencies and the government;
- The practice of linking share capital with borrowings of the members and creation of permanent reserve funds out of

the surplus of the cooperative was found useful for such sound financial base. It was found that credit cooperatives at the primary level were not able to mobilize funds;

Democratic management is prevalent in all cooperatives visited with full authority of the general body and duly elected managing committees. Managerial personnel and employees differed according to the size, level and range of activities of the cooperatives. Government officials on deputation were in charge of activities in some;

The credit sector is well-developed - primary agricultural credit cooperative at the base level, district central cooperative banks at the secondary level, state cooperative banks at the tertiary level. Primaries provide production credit. Medium term credit and some times even investment credit is provided by central cooperative banks and state cooperative banks. The primaries obtain their funds from the district coop banks which in turn borrows from the state cooperative banks. Refinance is obtained by the state cooperative banks from the National Bank for Agriculture and Rural Development (NABARD) which is the apex financing institution for agriculture/rural development credit in the country. Credit management by these cooperatives include a two-component formula - small portion of the production credit to the farmer is paid in cash and the rest in the form of production inputs like fertilizers, seeds, pesticides etc. Such production inputs are supplied either by the primary credit or marketing society in the area. This system has ensured proper utilisation of credit for increasing the productivity, gives assured business of fertilizer and other inputs distribution to the supply and marketing cooperatives and also ensures proper utilisation and timely repayment of loans to the lending agencies;

Commodity-based cooperatives visited included sugarcane and dairy. These processing societies were doing very useful work in value addition resulting in better returns to its members. The working of these cooperatives reflected, to a great extent, the integration of various activities, viz., pooling/procuring of produce, processing the produce and marketing the end products. The value-addition activity is further supported by the sugar factories by undertaking processing of by-products, such as setting up of paper mills, industrial and potable alcohol running of consumer cooperative supermarkets, cooperative dairy, educational institutions from primary to higher secondary and graduation levels including higher technical education in engineering etc.;

Cooperation among cooperatives, one of the cooperative principles of ICA, is achieved by the sugar factories in helping the credit societies in the recovery of loans from out of the sugarcane price due to the farmers and thereby ensuring linking of credit with marketing. They have also helped in infrastructure developments such as educational

institutions, health services including hospitals, construction of roads, water supplies etc. in the areas of their operation. Overall development has been steady and progressive in the areas in which the sugar factories have been established;

One of the major drawbacks of the Indian Cooperative Movement has been the restricted cooperative laws and dominance and interference of government officials in the working of cooperatives. The Movement has strived to make itself fully democratic and free of official control. Cooperation is a State subject in India. Different States have different laws pertaining to cooperation. Due to constant efforts of the Movements, a few state governments have passed liberal cooperative laws and have given freedom of operation and democratic management and financial control if they have no government share capital contribution. The leaders and the NCUI are striving hard to get the Model Cooperative Societies Law passed by the Parliament of India which envisages minimum role for government and promises more freedom to the Movement in its operations and management.

## **02 COMPARATIVE FIELD STUDIES-II/THE PHILIPPINES**

### **Introductory**

01 The participants visited the Philippines with two objectives: first, to have a comparative study of the Cooperative Movement in the country, and second, to participate in the 8th National Review and Follow-up Workshop on the Management of Agricultural Cooperatives in the Philippines.

02 The Follow-up Workshop was attended by eight former participants. The technical inputs made at the Workshop were by the Chairman of the Cooperative Development Authority (CDA), Mr Jose Medina, the President of the Cooperative Union of the Philippines, Mr Filomeno A. Bautista Jr., two CDA Administrators - Gen Arcadio S. Lozada and Ms Teresita M. Coloma, General Manager of the NATTCO represented by Ms Emilina Santos, Assistant General Manager. Mr Felix Borja, Secretary-General of the CUP, and Dr Daman Prakash, ICA ROAP Director coordinated the organisation of the Workshop and the field study visits.

03 The participants also had an opportunity to participate in the Cooperative Think Tank Consortium (CTTC) organised in the Philippines by the ICA Regional Office in close collaboration with the NATCCO during February 19-22 1998. The Consortium was organised to share experiences on the issue of the economic crisis as well as changing the image of the ICA member-organisation from government-dominated cooperatives to self-supporting, member-driven voluntary cooperatives.

04 During the Speakers' Forum which was organised as a part of the Consortium the participants had an opportunity of meeting the

Director-General of the ICA, Mr Bruce Thordarson, Director of Development of the ICA, Mr Bjorn Genberg, Dr Robby Tulus, ICA Regional Director for Asia and the Pacific, Prof Ian MacPherson, Prof Peter Davis and Prof Hans Munkner. The Consortium was also attended by some of the ICA Board Members from Asia and leading cooperative leaders.

05 The highlights of the Cooperative Movement and the profiles of the cooperative and other institutions visited by the participants are given below:

#### **General Information**

06 The Philippines lies between 116 degree and 126 degree east longitude and between 4 degree and 21 degree north latitude on the western rim of the Pacific and stretching over 1,800 km north to south between Taiwan and Borneo. It is composed of 7,107 islands and islets. There are 3 major geographical groups in the country: Luzon, Visayas and Mindanao. It has a land area of 300,439 sq.m. or about 29.81 m hectares of which 43.60% is devoted to major crop production.

07 Roughly, around 13 million hectares or 40% of its total land area is devoted to agricultural production. Of the total 70 million population, an estimated 47% is highly dependent on agriculture. This sector is the biggest employer which absorbs the labour force.

#### **Current Status of Cooperatives in the Philippines**

08 **Number of Cooperatives:** A total of 45,733 cooperatives is registered with the Cooperative Development Authority as of December 31, 1997. 59% of this are registered as agricultural multipurpose cooperatives. About 25% are non-agricultural multipurpose cooperatives. About 25% are non-agricultural multipurpose cooperatives; 6% are credit; 2.1% are consumers; 2% are producers; 1.3% are marketing; and 3% are service coops. There is less disparity, however, in the regional distribution, with Central Luzon, Southern Tagalog and Southern Mindanao topping the list of regions with most number of cooperatives. Only 574 may be considered as higher level organizations composed of unions (63), federations (44), cooperative banks (50), and area marketing cooperatives (13), constituting about (0.01%) per cent of the registered cooperatives.

09 Of the total number of 4,516 cooperatives were registered under the previous law and were confirmed after RA 6938 was enacted in 1990. The rest, or 41,217 cooperatives were registered under RA 6938 from 1990 up to December 1997. On an average, over 5,635 cooperatives were being registered each year from 1990 to 1997. The CDA has attributed the tremendous growth of cooperatives to the massive promotional and assistance programmes for cooperatives by both the government and the private sectors and to the passage into law of RA 6938 in 1990.



## **Cooperatives' Shares and Contribution to the Country's Gross Domestic Product (GDP)**

10 From 1995-1996, the role of cooperative development in the national economy can be measured in terms of its contribution to the economy's Gross Domestic Product (GDP), level of personal consumption, capital formation and work force. On the other hand, from 1991-1996, the gross Domestic Product (GDP) contribution, the personal consumption and capital formation generated by cooperative sector grew from 2.2% to 12.0% of the GDP. During the same period, the workforce within the cooperative sector as a percentage of the national workforce grew from 2.9% to about 14% of the national workforce.

11 From 1992 to 1996, with a cumulative paid-up capital of PHP 2.6 Billion for 41,000 cooperatives and cumulative loan releases of PHP.2 Billion, the cooperative sector generated by 1996 in the national economy PHP 196 Billion worth of gross domestic product contribution which is 12% of the estimated PHP 1.63 Trillion GDP. But in an annual average of PHP. 7 Billion injection of paid-up capital and loan releases, the cooperative sector increased by P49 Billion in 1996 its GDP contribution from the 147 Billion GDP it generated throughout the economy in 1995. The 49 Billion cooperative sector-triggered GDP increment in 1996 generated, within and outside the cooperative sector, PHP 11.27 billion worth of compensation of employees, PHP 6.37 million worth of capital hardware replacements, PHP 4.9 billion worth of indirect taxes less subsidies paid to the government and PHP 26.46 billion worth of operating surplus.

### **Expansion of Membership in Cooperatives**

12 In addition to the 181,911 cooperative members generated through registration of new cooperatives, 567,498 more was through expansion of membership. Thus, for the period in review, a total of 749,409 new members joined the Cooperative Movement. This comprise 131% of the annual target of 572,070 members joining as targeted in the CDA Work Plan for the year 1996. Of the total cooperative membership for 1996, 24% was generated through newly-organized cooperatives while the rest (76%) was a result of coop expansion. The number of members of cooperatives as a percentage of the national population grew during the same period from 1.8% to 9.64%.

13 **Cooperative Federations:** Federations are comprised mainly of marketing and supply cooperatives and the CRBs, the areas of operation of which are in the provinces and regions. Cooperative Banks (CBs) are engaged in a wide variety of activities other than savings and loan operations. BANGKOOP is serving as a national level federation of Cooperative Banks (CBs). CISP is the national institution which is duly authorized by the Insurance Commission to act and operate as a life insurance company. FACOP is the only existing national agricultural organization to deal with marketing and supply although there are marketing and supply federations at the regional level.

14 The National Confederation of Cooperatives (NATCCO) is a tertiary level cooperative organization with a membership base spread across the Philippines. Its membership is at two levels: The first level are the municipal-based cooperatives and the second level are the regional development centres which operate as cooperative federations, with the primary coops as their affiliates. Also, at this level are mutual benefits services association and one school-based education centre.

15 From its original and sole identity as a cooperative education and training centre, the NATCCO has evolved as a multi-service national cooperative federation. This growth is a result of NATCCO's desire to support the expanded activities of the RDCs including business functions apart from developmental concerns. In recent years, NATCCO has expanded the range of its businesses to managerial guidance and auditing, credit and commercial lines, material development and others.

16 **Cooperative Union:** The Cooperative Union of the Philippines Inc. (CUP) was organized on December 19, 1979 as an apex organization of national cooperative federations, special type of secondary cooperatives and 13 regional unions of cooperatives and carried its functions under PD 175. It was confirmed by the Cooperative Development Authority in January 1991 under Registration Order No. 133.

17 As an apex organization, its **main objective** is the institutionalization of the Cooperative Movement as a cohesive and dynamic vehicle for the economic, social moral and spiritual advancement of the people. To realize this, it assists national federations, regional, provincial and city cooperative unions in the promotion and development of cooperatives in their respective jurisdictions.

18 The CUP provides **programmes and services** attuned to advocacy and policy initiatives; public relations; legal and audit services, institutional relations, expansion of development activities, development of financial base, monitoring/evaluation of the impact/implications of plans and programmes of private/public sectors relating to cooperatives.

19 Among its special projects catering to the needs of the Movements are as follows: (a) Countryside Industrialisation Programme through establishing agri-based coop industries in strategic areas in the Philippines; (b) Cooperative Business Consultancy Programmes through fielding consultants and professional managers to fairly cooperative businesses at the initial stage of operation until normal operating level is attained; (c) Technology Transfer Programmes for Cooperatives designed to provide appropriate and adapted technologies of production, processing, transporting and marketing coop products; (d) Koop Health Care Programme by establishing Koop Drugstore in order to provide affordable quality medicines and health services to the community.

## **LIMCOMA: The Farmer's Dream of a Cooperative**

20 LIMCOMA is a cooperative born out of necessity. In 1970, the poultry and livestock farmers in the province of Batangas, were just about ready to give up on the industry that had sustained them through the years. The erratic supply and soaring prices of feeds had rendered the industry unprofitable for some time. Small and medium scale farmers were left with little choice but to quit after the successive losses. Those who survived were barely able to make both ends meet.

21 Faced with this challenge, the survivors put their heads together and came up with the solution to their problems. They had to produce their own feeds. Pooling their meagre resources, they raised P57,000 in capital, rented an old rice mill and proceeded producing their own feed rations by mixing the ingredients manually, using shovels. Although the capital raised was a pittance, financing was available through the guarantees of two large-scale farmers who joined them in the group. The two lent their names and their expertise freely without any reservations. The small and medium scale farmer-members, in turn, gave their full patronage, paying spot cash for their purchases. Those who served were volunteers.

22 Membership-From 77 to 3,400 regular and associate members; Capital Contribution-From P57,000 to P65 million; Assets-From P57,000 to P275 million; Production-From 100 bags of feeds per day to 7,000 bags daily output; Production Method-From manual mixing to computerized feedmilling; Activities-From exclusive feed mill to feed milling, swine breeding, meat processing and hog contract growing; Employees-From 4 to 251 regular employees; Volume of Business-From P100,000 to P750 million annual sales; Credit Standing-From zero to outstanding.

23 Current activities include: Feedmilling, Breeding Farm (Swine), Meat Processing and Contract Growing (Hogs). Agro-processing of the cooperative include: computerised feedmilling, meat processing equipment and warehousing.

24 Some of the main products of the Cooperative are: hog feeds, processed meat, piglets for breeders and piglets for fatteners. The problem areas highlighted by the Cooperative include: Rising costs of raw materials, fixed overhead expenses, capital build-up, increasing cost of money, marketing of members' produce.

### **PROFILE OF SORO-SORO IBABA DEVELOPMENT COOPERATIVE (SIDC)**

25 Date Organized-1969; Initial Membership-59; Initial Capitalization-P11,800; Registered as a Consumers Cooperative in 1978 with 500 members; Renamed-Soro-Soro Ibaba Development Cooperative, Inc. in 1983 upon its re-registration with the Ministry of Agriculture; Area of Operation-98% of residents in Barangay Soro-Soro in Batangas City. It has associate members in provinces of Laguna, Bataan, Quezon and Mindoro; Total number of current members-1,507.

26 Business Activities and Services include: Feedmill with a production capacity of 3,000 bags daily; Warehouse is now undergoing P8 million expansion. Contract Growing-each member has the opportunity to raise a maximum of 55 heads of hog breeders; 800 heads of broilers (chicken); 3 heads of cattle fatteners.

27 Expanded Credit Line - Members who wish to have their own business may receive additional inputs through expanded credit line. Minimart/Cooperative Store - offers a wide variety of commodities: groceries, toiletries, school supplies, over the counter drugs, electrical supplies and agricultural inputs. Meat stall - on December 10, 1987, 3 SIDC Meat stalls at Batangas City were opened to the public. Hog Selling Pens - place where members can hold the hogs ready for sale.

28 Rolling Selling Pen - a Rolling Meat Shop - delivers high meat cuts at affordable prices to communities, hospitals, schools, hotels and restaurants within the city. Savings Mobilization Programme - launched last September 1995. Accepts Time and Regular Savings Deposits. Tilapia Fish Cages - located at Bilibinuang, Agoncillo, Batangas. SIDC started with 2 cages, with 30,000 fingerlings. The coop invests in 8 cages with a standard size of 100 m2 each.

29 Van/Tents/Chairs/Tables Rental - The coop offers for rent shuttle van, demountable tents, monoblock chairs, demountable tables and water jugs with faucets to members and non-members. SIDC Gas Coupons - The Coop issues pre-paid coupons to members to be used in purchasing gasoline at officially designated fuel stations by the Cooperative.

30 Other services offered are: free medical check-up, medical benefits, scholarship grants, allocate barangay development funds' mortuary fund, systems of population control, publication (SIDsikat newsletter), technology sharing and seminars.

31 Acquired Facilities include: Nine Million Peso worth 3-storey main office bldg. that houses air-conditioned offices, minimart and warehouse; programme for accounting, sales and livestock; 2 electronic cash registers; safety vaults; mini library; conference training room with audio-visual facilities; 2 delivery trucks, 2 jeepneys, a motorcycle, 1 pick-up and a Nissan Van; Standby power generators and UPS; 5 cellular phones, a cel/fax machine, 10 radio transceivers.

#### **BAGUIO-BENGUET COMMUNITY CREDIT COOPERATIVE**

32 Date Organized-October 11, 1958; Address-Assumption Road Corner Cooperative St., Baguio City; Date Registered-December 10, 1976 Reg. No. FF-115 RR; Date Confirmed-January 10, 1992; Initial Capitalization-P150; Business Activities & System of Operations: credit, lending, consumers store, grocery services; Area of operation-Baguio City & La Trinidad, Benguet; Total Assets-Peso 106,805,618.87 (1995); Current Assets-P 95,686,844.96; Net Savings-P 10,176,873.00; Total Capitalization on Fixed Deposits-P87,081,673; Returns on Investments (share capital) - 8.4% (1995);

Membership Expansion-from 6,162 in 1994 to 7,730 in 1995. Business transactions: Total amount of loans granted to members-P108,665,318; Number of members granted with loans-over 7,100; Financial support from lending institutions-None.

#### **BAHONG MULTI-PURPOSE COOPERATIVE**

33 Date Registered/confirmed-February 6, 1991; Address: Bahong, La Trinidad, Benguet; Registration No.-QC-423; Initial Membership-74 member-farmers; No. of Board Members-11 (4-Male; 7-Female); Business Activities: credit, lending, consumers, water service, cutflower, production & marketing; Area of Operation-Barangay/district or village level; Total Assets: P1,101,918.87 (Current Assets-P 1,073,176.17; Investment-P16,742.70); Total Capitalization on Fixed Deposits-P350,962.90 (1994); Net Savings-P 66,813.00; Membership Expansion-from 74 members to: Regular members-135; Associate Members-71.

34 Business Transactions: Total Amount of loans granted to members-P630,900; Number of members granted with loans-90; Volume of transactions with members-P428,326.50; with non-members-P23,297; Financial support-Land Bank of the Philippines assisted through a Production loan amounting to P564,738.04. e

#### **COOPERATIVE BANK OF BENGUET**

35 CBB is a cooperative bank the majority shares of which are owned and controlled by primary and federation of cooperatives operating in the Province of Benguet and the City of Baguio. The main business includes the acceptance of savings and time deposits from members and other clients as well as lending operations.

36 Founded on December 21, 1990, the Bank's mission is to promote a prosperous and productive agri-industries and other enterprises by providing financial assistance, leadership and acceptance of reasonable lending risks for the formation and successful operations that enhances the incomes and well-being of farmers, entrepreneurs and people of small means in the Province of Benguet and the City of Baguio.

37 Following its registration with the CDA on June 8, 1992, the Central Bank finally approved its license to operate and the Bank commenced business operations on October 1, 1992 with an initial paid-up capital of P1.7 million and total resources of P2.7 million. With four years operation, the Bank resources grew to P25.0 million as of December 31, 1996.

38 Current Services Offered: (A) Lending and Credit Services - agricultural loans, commercial loans, industrial loans, other loans. Special Lending Programme, Centre for Women's Development Programme "A Micro Credit Programme for Women"; (B) Accepts Savings deposits; (C) Technical Services - assistance on the conduct of research and feasibility studies, training and consultancy services in accounting, book-keeping, business management and enterprise development, cooperative networking,

disaster management. Social Services: A. Cooperative Sports Development Programme; B. Cultural Development; C. Environmental Concerns.

#### **BAD-AYAN BUGUIAS DEVELOPMENT COOPERATIVE**

39 CDA Registration No. CN-QC-107; Date Organized-May 22, 1989; Total Assets-PHP25.5 Million as of Dec.31, 1996; Paid-up-PHP 9.2 million as of December 1996. Services offered: Savings and lending; Life insurance coverage; Health fund; Mortuary Aid System; Transport & hauling services; Wholesale/retail of consumer goods/groceries; Sale of agricultural inputs; Offers training facilities; Dormitories.

40 The Bad-ayan Buguias Multi-Purpose Cooperative is a farmers' cooperative with a 24-year track record. The cooperative is recipient of an award as one of the Most Outstanding Cooperative in the Region. Its membership grew from 50 individual members to 1,890 farmer-members.

41 All members of the cooperative are farmers tilling an average of 1/4 to 1/2 hectare which is considered small or subsistence farming. The farmers produce mostly cabbage, white potato and carrots. In small quantities some farmers are producing garden (sweet) pea, beans and head lettuce.

#### **ATOK (SAYANGAN) MULTI-PURPOSE COOPERATIVE**

42 Date Registered-April 15, 1993; Initial Membership-27; Initial Capital-P2,700; Business Activities-Transport Services; Consumers Store; Credit/lending; Area of Operation-whole municipality of Atok, Benguet; Total Assets-P12,425,541; Total Capitalization-P791,903 on Fixed Deposits; Net Savings for the year-P632,403; Membership Expansion-from 27 members to 1,089.

43 Economic Activities and Programmes: Cooperative members are engaged in vegetable farming. It prides itself in being able to pursue environment-friendly farming methods which uses minimal insecticides. It has adopted integrated pest management techniques and has introduced organic farming. Atok provides marketing services to members' produce and provides a ready source for farm inputs and household needs of its members and the community coop store.

#### **CAVITE FARMERS FEEDMILLING & MARKETING COOPERATIVE**

44 Date Organized/Registered-October 26, 1976/February 24, 1997; Confirmation No./Date-MLA-C549/April 8, 1991; Initial Membership-44; No. of Directors-7; Initial Capitalization-P137,000.00; Business Activities-Feedmilling, animal dispersal, consumer store, an animal project, nutrition laboratory; Area of Operation-Cavite, Batangas, Quezon Province, Laguna and Metro Manila; Affiliations-Cooperative Union of Cavite, Coop Bank of Cavite, Federation of Cavite Cooperatives, Phil, Hog Raisers' Association; Capitalization-P8.7 Million; Total Assets-Current-P70.9 Million; Investment-P 9.4 Million; Fixed Assets-P 10m;

Acquired Assets-Land - 1.3 ha.; Business Expansion- a) Market outlets (proposed), b) Swine breeder farm; Membership Expansion- from initial members of 44 to 1,114; Financial Support-None.

45 Main Products-Poultry and livestock feeds and other farm inputs; Agro-processing facilities-Feedmilling facilities. Volume of production: 570,784 bags of feeds or an increase of 18.2% over previous Volume of sales: 561,518 bags or 17.06% increase over last year. Net income: P5,955,631 in 1996.

#### **COOPERATIVE DEVELOPMENT AUTHORITY (CDA)**

46 The CDA is a government agency created by Republic Act 6939 on March 10, 1990 on the same day, Republic Act 6938, known as Cooperative Code of the Philippines, was also signed into a Law. Thus, RA 6938 and 6939 form a duo of laws designed to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development. A provision of the Philippine Constitution, Section 15, Article XII, mandates the creation of CDA to unify government efforts in the promotion of growth and development of cooperatives.

47 Formerly, cooperatives were registered with various offices depending on their nature. Thus, sugar cooperatives were registered with the Sugar Regulatory Administration, agricultural coops were registered with the Bureau of Agricultural Cooperatives Development (BACOD), the transport cooperatives with the Office of Transport Cooperatives, and Electric Cooperatives with the National Electrification Administration. With the CDA, policies and rules of cooperative development and registration are rationalised into one agency, the powers of such agencies related to cooperative development are thus transferred and consolidated into the CDA.

48 The CDA is governed by a Board of Administrators consisting of a Chairman and six (6) members appointed by the President of the Philippines.

49 The CDA has three (3) main functions: **Regulatory, Quasi-Judicial and Developmental**. These are explained below:

For its *regulatory functions*, the CDA:

- \* Registers all cooperatives, and their federations and unions, including their division, merger, consolidation, dissolution or liquidation.
- \* Requires all cooperatives and their federations and unions to submit their annual financial statements, certified by a CPA.
- \* Impose and collects reasonable fees and charges in connection with the registration of cooperatives.

*Quasi-judicial functions of CDA :*

- \* Orders the cancellation after due notice and hearing of the coop's certificate of registration for non-compliance with administrative requirements and in cases of voluntary dissolution.
- \* Imposes punishment on violators of the provisions of the CDA Law (RA 6939).
- \* Punishes for direct contempt, persons guilty of misconduct during CDA hearings.

*For its developmental functions, the CDA:*

- \* Formulates, adopts and implements plans and programmes on cooperative development;
- \* Develops and conducts management and training programmes for cooperative and its members. These training programmes cover, management, technical expertise, professional development and others that will increase viability of cooperatives;
- \* Supports voluntary organization and development of activities that promote Cooperative Movements;
- \* Coordinates the efforts of the Local Government Units and the private sector in the promotion and development of coops;
- \* Assists Coops in arranging for financial and other forms of assistance;
- \* Establish extension offices to implement the Code. There are fifteen (15) CDA extension offices strategically located in the 15 regions of the country;
- \* Administers grants and donations coursed through the government for cooperative development;
- \* Formulates and adopts continuing policy in consultation with coop sector.

50 To carry out these functions, and to provide direction for its cooperative development efforts, CDA has identified flagship programmes as set forth in its Medium-Term Cooperative Development Plan (1993-1998). The Plan addresses specific socio-economic concerns such as development financing, agri-industrial development, human development and infrastructure development. The Plan was made possible in consultation with the private cooperative sector.



**COOPERATIVE UNION OF THE PHILIPPINES (CUP)**  
**- a Profile**

51 The Cooperative Union of the Philippines Inc (CUP) was established in 1979 as an apex organisation of national cooperative federations and unions at the regional, provincial and city levels. It is mandated by law to develop the Cooperative Movement in their respective jurisdiction. The CUP is a CDA-accredited national apex organisation of affiliated National Federations and Cooperative Unions at all levels. CUP is authorized by the government to collect and administer the Cooperative Education and Training Fund (CETF) for the benefit of the cooperatives and their member-cooperators nationwide.

52 CUP is a member of the International Cooperative Alliance (ICA) and various cooperative organisations in the Asian and Pacific Region. It is also affiliated to various national bodies that have something to do with cooperatives promotion, organisation and development. It is governed by a Board of Directors that is elected from among the duly-authorized representatives of member-organisations. It is collectively owned by the Cooperatives and works for the benefit of all Cooperatives in the Philippines regardless of types or affiliation.

53 **Philosophy and Vision:** The CUP believes that cooperative development is basically the responsibility of the Cooperative Movement, with the government merely providing a favourable atmosphere for the growth and development of cooperatives. Cooperative development is viewed as a partnership of efforts between the private sector and the government with the Cooperative Movement increasingly assuming the leadership and the government gradually turning its development of cooperatives. CUP's vision is a Philippine society where there is equity, democracy, social justice and sustainable development.

54 **Objectives:** The CUP's main objective is the institutionalization of the Cooperative Movement as a cohesive and dynamic vehicle for the economic, social, moral and spiritual advancement of the people. Its specific objective is the development of the Cooperative Movement through:

- \* Promotion of the Cooperatives idea as a way of life for the people, especially the poor and the marginalized;
- \* Development of Cooperatives within the context of National Policy through research and information, education and training, audit, technical services, and transfer of technology;
- \* Advising the appropriate authorities on all matters relating to cooperatives; and
- \* Representing its member-organizations in the Philippines and abroad.

55 **Approaches adopted by the CUP to achieve its objectives are:**

- \* Assists National Federations, Regional Cooperative Unions, Provincial Cooperative Unions and City Cooperative Unions in the promotion and development of cooperatives;
- \* Provides encouragement and support to development initiatives at the regional, sectoral and local levels in line with the independent and autonomous character of cooperative organizations;
- \* Provides active assistance to Regional Cooperative Unions and National Federations in their planning, programming and implementation activities. It helps cooperatives access technology and financing for programmes and projects.

#### 56 Programmes & Services

- \* **Advocacy and Policy Initiatives.** Continuing review, analysis, and evaluation of effects of government and private sector policies on cooperatives with a view of submitting policy recommendations and legislative action.
- \* **Public Relations.** Continuing information to the public relating to cooperative development and trends through mass media, seminars and consultation conferences.
- \* **Legal and Audit Services.** The provision of regular and timely audit of accounts of cooperatives through the federations and unions. Arranges legal services to Cooperatives upon request.
- \* **Institutional Relations.** Development of relations with local and foreign institutions through exchange of information, participation in local and foreign conferences and seminars, joint activities and affiliation.

#### **NATIONAL CONFEDERATION OF COOPERATIVES (NATCCO)**

##### **-a Profile**

57 The National Confederation of Cooperatives (NATCCO) is the tertiary level organization of 1,697 cooperatives - primary coop federations - across the Philippines. NATCCO was organized in 1977 by coop leaders who believe that coop development was primarily a task of the private sector. In its early years, NATCCO solely focused on the education and training needs of its five member-organizations. NATCCO's registration as a cooperative federation was confirmed by the Cooperative Development Authority on December, 1990. The member-organizations of NATCCO are :

- Northern Luzon Cooperative Development Centre (NORLU)
- Tagalog Cooperative Development Centre (TAGCODEC)
- Bicol Cooperative Development Centre (BCDC)
- Visayas Cooperative Development Centre (VICTO)
- MASS-SPECC Cooperative Development Centre (MASS-SPECC)
- Coop-Life Mutual Benefit Services Association (CLIMBS)
- Cooperative Education Centre

58 NATCCO is committed to: work towards alternative socio-economic political systems guided by self-reliance, democracy, nationalism, solidarity, justice, and gender equality; and evolve a strong and viable cooperative sector and Movement.

59 The goals of NATCCO are :

1. Strengthening of human resource development programmes for coop leaders and staff;
2. Strengthening of the relationships and service delivery mechanisms of affiliate-coops, the member-organizations and NATCCO to build a strong Movement;
3. Development and strengthening of business activities. Complementing and supporting the businesses of the NATCCO members;
4. Strengthening the financial base of the network for continued self-reliance and sustainability;
5. Integration of efforts with other coop organizations and coop-promoting organizations with similar values and orientation;
6. Participation and taking public stand on social, economic and political issues affecting Filipino society.

60 NATCCO's services cover education and training, research and publications, credit and computer service. Its programmes are central fund, inter-coop trade, women in development, agrarian reform cooperative organizing, cooperative insurance promotion, extension work, radio communication.

- \* **Expansion of Development Activities.** Continuing exploration of new fields of developmental activities; such as acquisition and/or transfer of technologies and expertise.
- \* **Development of Financial Base.** Development of the financial base of cooperatives through membership contributions, trust funds, programme financing, donations, grants, and subsidies.
- \* **Monitoring and Evaluation.** Monitor and evaluate the implementation, impact and implications of plans and programmes of the private and public sectors relating to cooperatives.

#### **THE AGRICULTURAL CREDIT AND COOPERATIVES INSTITUTE**

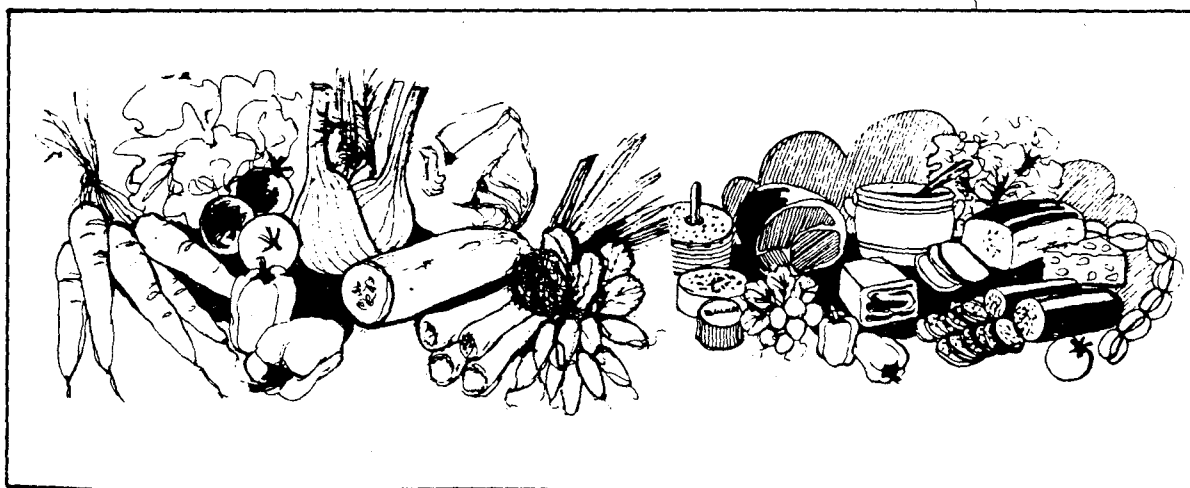
61 Agricultural Credit and Cooperatives Institute (ACCI) was established as an offshoot of a June 8, 1956 resolution of the First Far-East Agricultural Credit workshop held in Baguio City, Philippines, on June 1-14, 1956. Its building was constructed on June 2, 1959 and formally inaugurated on April 23, 1960 with funding from the Asian Economic Development Fund of the

International Cooperation Administration (ICA), and national Economic Council (NEC) now USAID and NEDA, respectively.

62 Originally conceived as a research and training centre in agricultural credit and cooperatives in South-East Asia, ACCI's primary objectives have been to:

- a. Conduct training courses, undertake research activities and provide extension services on agricultural credit and cooperatives to government and private organizations in the Philippines and South-East Asia;
- b. Assist the UPLB in curriculum development in the fields of rural finance and cooperatives especially in the aspects of managerial and marketing;
- c. Formulate and recommend national policies for more efficient credit delivery systems to small farmers and cooperatives development; and
- d. Offer academic courses in rural finance and cooperatives in UPLB.

63 In pursuing these objectives, the ACCI has been engaged in training/extension activities as well as in research programmes and projects in collaboration with its allied agencies. From 1960 to December 31, 1993 the ACCI has trained more than 18,000 cooperators of which 518 were foreigners.



## SECTION - V

### MODULES ON MANAGEMENT PRINCIPLES, METHODS AND TECHNIQUES WITH SPECIAL REFERENCE TO MANAGEMENT LEADERSHIP DEVELOPMENT IN AGRICULTURAL COOPERATIVES IN ASIA - The IRMA Segment

{The Management Module of the Twelfth Training Course was conducted at the Institute of Rural Management, IRMA, at Anand, Gujarat State. The IRMA, an institute of higher learning and of national importance in India, was chosen by the ICA for conducting the management modules for this year's course as well. The IRMA, established in 1979, by the NDDB, provides management training and research support to the cooperatives engaged in dairy business. It now extends support to a wide variety of cooperatives engaged in the field of oil-seeds, fruits and vegetables, credit, sugar, handlooms and handicrafts sector, voluntary non-governmental agencies, and governmental and other bodies. The core of IRMA's operating philosophy is that the partnership between the rural people and committed professional managers is the basis of sustainable rural development.

IRMA offers a variety of programmes e.g., 2-year Post-Graduate Programme in Rural Management; one-year programme; 6-weeks programme on Management of Agricultural Cooperatives in Developing Countries; 6-week Management Appreciation Programme for Voluntary Organisations; and a variety of workshops and seminars for cooperatives and rural institutions. The IRMA has ideal infrastructural arrangements for studies, boarding and lodging of the participants in its Executive Training and Development Centre-ETDC. It has a well-developed, computerised modern library which is open to students for long hours. The programme at IRMA was conducted under the guidance and leadership of Professor G. Krishnamurthi.}

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#### 01 Inaugural Session

01 The ICA-IRMA modules were conducted at the Institute of Rural Management, Anand, from November 03-December 05 1997. The Management Modules were formally inaugurated by Prof. Katar Singh, Director of IRMA on 3rd November 1997. Prof Katar Singh welcomed the participants and ICA Officers and thanked the ICA for giving IRMA the responsibility for conducting the management modules for the third year in succession. He assured the ICA of IRMA's full cooperation in completing the assignment successfully. He wished the participants a fruitful and useful study period during their stay in IRMA.

02 Professor G. Krishnamurthi, the Programme Coordinator for the Course, welcomed the participants and assured them that he, together with his fellow faculty members, would strive to fulfil

the objectives of the participants as well as of the training programme. While explaining the facilities of IRMA to the participants, Prof Krishnamurthi assured them of all possible comforts in spite of the fact that Anand is a small town with limited opportunities for excursions etc. He, however, informed the participants that the IRMA campus is complete in all respects.

03 Mr AH Ganesan, Programme Officer, ICA ROAP, conveyed the greetings of the ICA and thanked the IRMA Director and the Faculty members for their continued support to the ICA in the implementation of the programme. He mentioned that Dr Daman Prakash, Project Director of the programme, was presently away in Indonesia working on the JA-Zenchu/JICA Study on Integrated Development of Rural Cooperatives/KUD.

## 02 Teaching Modules

04 The entire programme was segmented into teaching modules which were handled by designated faculty members duly supported by well-prepared documentation and reference material. To undertake implementation of various modules, a special team of faculty members under the leadership of Prof Krishnamurthi was constituted by the Institute. As a back-up for the participants, facilities of IRMA library and documentation centres were made available.

05 The management modules consisted of the following segments:

- i. Integrated Cooperative System
- ii. Accounting, Costing and Financial Management
- iii. Marketing
- iv. Project Management
- v. Economics
- vi. Communications
- vii. Executive Effectiveness
- viii. Personal Computers.

## 03 Teaching Faculty

06 The modules were designed and taught by a team of Professors and was coordinated by Prof. G. Krishnamurthi. Prof R. Rajagopalan, Prof M.J. Arul, Prof Hitesh Bhat, Prof. Sukhpal Singh, Prof. Rakesh Saxena, Prof M.S. Sriram, Prof. Shiladitya Roy, Prof. Rajesh Agrawal, and Prof. Rajagopal consisted of the faculty team and Mr P.J. Modi and his colleagues helped the participants in the computer training programme. Prof. Katar Singh, Director, IRMA, delivered a key-note address on Professionalisation of Management in Agri-Business Cooperatives on the first day and set the training course in motion.

07 As requested by earlier course participants, a two-day workshop on Stress Management was specially conducted for the course participants by Dr Palan, a practising medical doctor and a specialist in stress management. The workshop was found quite useful by the participants. A basic component on Economics,



especially touching upon 'Micro' and 'Macro' economics was added to facilitate the process of learning.

#### **04 Pedagogy Followed**

08 A mix of cases, exercises, discussions, computer-based learning, participant project-work and presentations and lecture methods were used. Participants were inducted to the library and documentation services. A wide range of audio-visual aids, e.g., video coverage, self-assessment of own performance, and learning systems e.g., role plays, brain storming, simulation exercises, group discussions were used during the period of the training programme. A special emphasis was placed on the study of 'real-life' situations through study visits and open discussions with managers and basic members of cooperative institutions.

#### **05 DETAILED MODULE DESIGNS**

##### **- Professionalisation of Management in Agribusiness Cooperatives**

09 This module served the purpose of setting the tone for the entire training programme, by introducing the participants to a profile of agribusiness cooperatives in India and exposing them to the intent and rationale of professionalisation of their management, and finally, providing the participants an opportunity to discuss some contemporary issues in professionalising their management. The issues identified as obstacles to the professionalisation of management of agribusiness cooperatives included lack of professional managers having values and ethos congenial to cooperative management; lack of appropriate courses and curricula for training cooperative managers; excessive government control and interference; lack of good leadership; small-size of business and hence inability to hire professional managers; lack of performance-based reward systems; and internal work culture and environment not congenial to professionalisation of agribusiness cooperatives in India as well as in other developing countries of Asia, the module enabled the participants to identify potential solutions to the issues in the subsequent modules.

##### **- Integrated Cooperative System (ICS)**

10 The module explained the evolution of cooperatives as a system and a form of organisation gradually moving from a single-purpose cooperative to a multi-purpose cooperative thus achieving integration with the input on the one hand and the market on the other. The presentations on this module also compared and contrasted a traditional service-oriented cooperative to an integrated cooperative. The objectives of forward, backward, horizontal, and vertical integrations were discussed. The focus was on logic and the criteria that need to be looked into while decisions regarding integration are taken.

11 Purpose of integration in the output marketing is to establish direct linkages with consumers. A two-way integration



















has to be achieved: (i) Forward integration; and (ii) Backward integration. Forward integration implies the extension of marketing activities nearer to the consumers while backward integration is to establish linkages with the producers. Thus an integrated system of output marketing must effectively link the producer at the one end and with the consumers at the other.

12 The factors that may lead to the success of integrated cooperative system within a cooperative could be as follows:

- Charismatic leadership with a large following and devoted to the cause of the society,
- Advanced but appropriate technology,
- Effective management,
- Responsiveness to members' needs,
- Constantly higher prices for the produce,
- Helping farmers to achieve higher production and productivity.

13 The concept of ICS with special reference to commodity sectors in India were discussed in detail. The commodity sectors covered included dairy, sugarcane, and paddy in India and credit cooperative system in Thailand.

14 A case study on the dairy sector covered the evolution of "Amul" (Anand Milk Union) as a successful integrated cooperative in Gujarat State and the development of many dairy cooperatives in and outside the State of Gujarat on the Anand Pattern was also discussed. The concepts of anchor activity, centrality of the cooperative etc. were discussed. Role play models asking the participants to assume the leadership positions within the cooperative wherein they had to select a proposal for diversification out of given options were introduced. The participants discussed and presented their opinions on why the cooperative should not choose a particular activity so as to achieve the benefits of integration. Discussions were structured and guided by the faculty members.

15 Presentation on sugar cooperatives in Maharashtra and Gujarat States highlighted the reasons for successful integration. It was observed that sugar cooperatives helped the farmers to raise productivity of the sugar cane by providing fertilisers, seeds and also farm guidance on plantations, harvesting, transport etc. Successful sugar cooperatives also extended their activities by engaging into new product lines such as molasses processing, distilleries, card-board and paper-making in addition to its anchor activity of sugar production. These cooperatives have thus added value to the main produce of the member-farmers.

16 Case studies on multipurpose cooperatives and their functions and roles in integrated cooperative activities were discussed. Participants were encouraged to make individual presentations building on the concepts they had learnt in the module. Specific emphasis was laid on whether this approach is workable in the participating countries and, if so, the commodity sectors which could be identified; the possible constraints that may be experienced in the implementation of this approach and steps needed to be taken to overcome the bottlenecks. The participants concluded that certain level of integration is existing in their own country situations and further improvements are possible for full integration.

**- Economics**

17 In this module, the participants were given an overview of the role of 'micro' and 'macro' economic principles and models in business decision-making, especially in the context of the management of agricultural cooperatives; the underlying theory of production, cost, and supply functions; basic concepts relating to demand and revenue, including an appreciation of contribution; the behaviour of demand in relation to price, using the concept of elasticity of demand; and market structure and price determination. A case entitled "The Saptamahar Milk Producers' Cooperative Union Limited" was used in all the sessions to illustrate the basic concepts of micro economics having a bearing on business decision-making.

**- Accounting, Costing and  
Financial Management**

18 The focus of this module was to understand how financial transactions affect the balance sheet and income and expenditure statements. Participants used the Accounting Primer developed by the IRMA faculty. Progressively they moved from accounting for simple trading-on cash transactions, through credit to complex manufacturing transactions. By the end of the module, they were comfortable with balance sheets and income statements.

19 Costing component focused on costs for decision-making. Emphasis was therefore on participants' understanding that costs are relevant in a specific decision-situation. Participants also learnt to distinguish between 'fixed' and 'variable costs' and to carry out 'break-even' analysis.

20 The financial management component first focused on 'the financial analysis of an organisation using ratios and common sizing. Working capital management was then covered. Participants learnt to make both quick assessments of working capital requirements, as well as detailed accurate estimates. Participants were taught the time value of money concept. They were introduced to the financial appraisal of capital investments using the payback method, and 'net present value' (NVP) and 'internal rate of return' (IRR) methods. They were also introduced to capital structure decisions and estimation of the weighted average cost of capital.

21 The concepts taught in this module were used extensively in the project management module.

**- Marketing Management**

22 The marketing module was designed to give the participants an understanding of core marketing concepts and to provide them with the marketing analysis tools and techniques required for preparing a good project report.

23 The module began with a coverage of cooperative marketing, the central issue was the threat from increasing competition from the private sector and the range of feasible solutions. Value addition was a major theme discussed to explore the possibility of shifting from undifferentiated commodity selling to branded products marketing. Cases from a range of cooperatives were used to analyze this shift. Also covered were the issues of monitoring and evaluating the marketing functions.

**- Project Management - with special emphasis on Project Preparation**

24 The sessions on project management were focused towards building the necessary skills in the participants in the preparation and appraisal of project proposals. It was understood and made clear to the participants that in their real life situations, they, as managers, will not only have to produce development projects but also appraise other projects which are sponsored. Managers often have been found lacking the skills in preparations and appraisal of such development project proposals. The sessions also covered the techniques for the preparation of plans for project implementation.

25 Definition of an integrated rural development project, concept of projects and forward and backward integration of an agro-industry with the market and producers' cooperatives was illustrated.

26 The definition of an agro-industry as an enterprise that processes materials of plant or animal origin and the significance of agro-industry as an instrument of rural development were also discussed. A categorisation of agro-industries, on the basis of transformation of raw-materials as proposed by EDI, World Bank, was also illustrated with examples. The opportunity was made use of to explain the special characteristics of agro-industrial raw materials and their significance and limitations for the design of agro-industrial projects. Linkages between the agro-industry with the farming system and the marketing structure were explained using the flow chart for agro-industrial projects developed by EDI. The following four types of systemic linkages were identified:

- i. Production chain linkages,
- ii. Macro-micro policy linkages,
- iii. Institutional linkages,
- iv. International linkages.

27 The concept of project life cycle illustrated the following four stage framework:

- i. Concept phase,
- ii. Implementation phase,
- iii. Operations phase, and
- iv. Abandonment phase.

28 The broad groups of activities which are generally undertaken in any project during the above four stages and the agencies involved as well as the costs and benefits were explained. A formal definition of project management as developed by the Project Management Institute was presented along with the goals of project management functions. The definition of project management as developed by the World Bank (**reproduced below**) was given to enable the participants to have an appreciation of the several ways of looking at a project.

29 The specific characteristics of a project from the points of view of the chief executive of an organisation as well as that of a project manager were also illustrated with certain examples of integrated rural development projects.

30 During this discussion, the major forces which had contributed to the growth of project management as an independent discipline were also brought out.

#### **World Bank's Definition of a Project.....**

*"A Project ideally consists of an optimum set of investment-oriented actions, based on comprehensive and coherent sector planning, by means of which a defined combination of human and material sources is expected to cause a determined amount of economic and social development. The components of a project must be precisely defined as to character, location and time. Both the resources required in the forms of finance, materials and manpower and the general benefits - such as cost savings, increased production and institutional development are estimated in advance. Costs and benefits are calculated in financial and economic terms or defined (if quantification is not possible) with sufficient precision to permit a reasoned judgement to be made as to the optimum set of actions."*

31 Following the above, the major steps involved in the planning of a project were outlined. An overview of the means of identification of projects and methods of idea generation, creativity and technological forecasting was also presented for the benefit of the participants.

32 Since the first step in the project identification happens to be a knowledge of the market, a detailed deliberation on the salient features of marketing factor, from the project analysis angle, was made. During the deliberations the framework for marketing plan and its interface with consumer analysis and competition analysis was evolved on the lines of EDI.

33 A brief outline of the various methods of data collection, their analysis, and forecasting methods was also presented.

34 In view of the peculiar characteristics of raw materials of agro-industries, the problems associated with their procurement were taken up for discussion along the following dimensions:

- i. Quantity,
- ii. Quality,
- iii. Time sensitivity,
- iv. Cost, and
- v. Organisation.

35 In particular, the seasonality, perishability and availability characteristics of raw materials in so far as they affect the project decisions such as location, capacity, etc. were discussed in detail.

36 The primary element of the processing factor to be considered while taking critical project decisions were next discussed along the following lines:

- a. Processing technology,
- b. Plant location,
- c. Inventory management,
- d. Packaging and other materials,
- e. Production planning and control, and
- f. By-products.

37 In this context, the significance of quality control and need for building in sound quality systems at the project stage itself were emphasised.

38 The methods for evaluation and selection of projects were dealt with subsequently. Details of 'discounted' and 'non-discounted' methods of cash flows which were covered in financial module were re-emphasised. Relevance of these techniques to short-listing the projects and their use as a starting point for the management of projects were brought forth.

39 A case entitled "Western Pengasinan Organic Fertilisers Project" (in the Philippines - produced by a participant of the 10th Course) was taken up for discussion and to illustrate practical complexities involved in cash-flow preparation in a real-life situation.

40 As a part of the financial analysis of the projects, methods of calculation of break-even point with special reference to a specific case was discussed. Participants were asked to discuss the segregation of the various cost data given in the case into fixed and variable costs and find out the unit production costs for various production volumes and their break-even points. The procedure for estimation of NPV and IRR was reinforced with a case and the participants analyzed the data given in the case using spreadsheet. The concept of 'sensitivity analysis' was illustrated through a case and participants calculated the NPV



at different levels of interest rates to enable them to have a personal feel of the variation of the NPV as one of the influencing variables.

41 After the participants had a fairly good exposure to the basics of project identification and selection, they were exposed to the techniques of developing a plan for their implementation. The need for integrating implementation plan with the rough/preliminary plan was also stressed. The following techniques were explained in the order given with reference to a milk chilling centre as an example:

- i. Development of a work breakdown structure (wbs)
- ii. Development of an activity list, including estimation of activity durations and identification of predecessor relationships;
- iii. Development of a 'network, including procedures for numbering of nodes, calculation of project duration, calculation and significance of free and total floats, identification of critical path and its significance from the point of view of the project manager and other agencies involved in a project;
- iv. Derivation of a bar/Gantt chart from the network and depiction of the floats; and
- v. Incorporation of resources required for the individual activities in the bar chart to estimate the resource profile and use of floats for resource levelling.

42 The effect of the re-allocation of resources on the cash flows and consequently the NPV was also stressed. The participants presented three sample projects on the basis of cases earlier presented to them. To enable the participants to formulate their projects in their home country assignments a draft project outline was circulated along with questionnaires on the marketing factor, the procurement factor and the processing factor.

43 Each participant was asked to make a presentation of his draft project proposal, as envisaged by him, as a work experience model.

44 These project proposals, though in draft stages, were found useful by them for preparing their actual project proposals during the home country assignments. While some participants kept their original draft proposals in mind and improved upon them during their home country assignment period, others worked out new project proposals on the basis of discussions held with their organisations and priorities fixed by their authorities.

45 The draft proposals were commented upon by the faculty on sufficiency of details, feasibility of implementation, validity of assumptions, correctness of application of the techniques

covered in the module etc. This review enabled the participants to get proper feedback on the comprehension of the principles of project management covered in the module, so that they could prepare their project proposals independently on their return to their home countries.

#### **- Communication Strategies**

46 The communication module was designed to assist the participants in the preparation and presentation of project reports. The participants learnt the techniques of writing elements of proper reports, organising and structuring of the report, and the style requirements. They were also taught proper ways of presentations and each participant made oral presentations which were video-taped. The tapes were played with a view to make the participants assess their own performance draw backs. Extensive feedback was provided to help participants develop communication skills.

#### **- Executive Effectiveness**

47 The following topics were covered in this module:

- a. The nature and role of assumptions in executive behaviour;
- b. The individual frame of reference and its significance;
- c. Superior-subordinate behaviour;
- d. A general framework of understanding human behaviour;
- e. Perception - its determinants, effects and caveats;
- f. Motivating the subordinates.

48 The module began with an introductory sharing from the participants regarding their job contents and some of the typical problems they faced as executives in their jobs. A role play exercise was carried out to illustrate the fact and role of assumptions that lay behind the behaviour of the participants. The need for one to be aware of one's assumptions and to question their appropriateness was then examined. In this context, the concept of individual frame of reference was introduced and its significance for executive effectiveness was discussed.

49 The domain of superior-subordinate behaviour was dealt with by means of a case and concepts discussed earlier were applied for reinforcing the concepts and for developing the skills of relating them to day-to-day life situations.

50 Executive effectiveness involves motivation of subordinates, the topic of how to motivate subordinates was taken up for discussion at the end of the module. Motivational problems from the participants own job contexts were discussed and analyzed.

#### **- Personal Computers: Awareness and Application**

51 Participants were provided with personal computers to familiarise them through guided daily computer laboratory sessions. Word processing and Lotus spreadsheet software were

used. Several modules which used computer-based learning also provided the participants with additional exposures to computers. A well-equipped computer laboratory was made available exclusively for the use of ICA Course participants.

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### **Value-Addition Through Agro-Processing -Carrot Juice**

The JA Chapter in the town of Biratori in Hokkaido (Japan) has developed a new method of producing carrot juice. Following successful trials, "Nishipa-no-Hatsukoi" is now being produced at the Furenai cannery, formerly owned by the Japan Asparagus Company. In 1996, two households grew 15 tons of carrots on a 30-are plot in a pilot project. Since August JA Biratori-cho has been studying the methods of producing carrot juice in cooperation with the prefectural food-processing centre in the city of Ebetsu.

The carrot juice is easy-to-drink; even children who dislike carrots enjoy it. A 160-milliliter can will cost 98 Yens when the products go on sale. By mid-December, 39,000 cans will have been produced, and will be distributed to three local "A-Coop" supermarkets.

JA Biratori-cho will continue to aggressively search for ways to raise the value of locally-grown carrots. In the future, high quality, unprocessed carrots will be sold and others turned into juice. By expanding the amount of land planted in carrots and improving cultivation technology, production of carrot juice will grow further. The juice is expected to become popular nationwide, as has "Nishipa-no-Koibito" tomato juice.

*-Reproduced from JA-ZENCHU News.  
No. 11. March 1997*

## **SECTION - VI**

### **PROJECTS APPRAISAL SESSIONS**

#### **- An Exercise in Skills Development.**

##### **01 Introduction**

01 The participants, at the end of Part-I of the training course, were given home assignments which they were expected to complete during their Home Country Assignment (HCA) period. They were expected to produce agricultural cooperative development proposals in accordance with the instructions imparted during their studies at IRMA. The proposals were to be within the frame of priorities of their own organisations, and were to be produced in consultation with their organisations. They were expected to enlist the support and assistance of their chief executives and former participants.

02 A liberal use of internal documentation of the organisation was encouraged. Their sponsoring organisations were, in advance, requested to provide all possible assistance, cooperation and guidance to the participants in the preparation of these project proposals.

##### **02 Methodology Adopted**

03 The participants, at the time of entry to Part-II of the programme held in Tokyo, brought with them the draft proposals for discussions, appraisals, review and revision. With a view to objectively appraise the proposals a panel of resource persons was identified. Professor G. Krishnamurthi from the IRMA, Mr Yoshitada Nakaoka, Managing Director of the IDACA, and Mr Daman Prakash, Project Director, worked as resource persons and commented upon the projects presented by the participants.

04 The participants introduced their projects with the help of overhead transparencies. The participants were divided into three groups to discuss each project in detail and give their comments. Groups sought clarifications, raised questions, made observations as well as suggestions in their feed-back to each of them. The presenter was then provided an opportunity to respond to the observations made by the groups. This was followed by comments and suggestions by resource persons. On the basis of the feed-back thus received, the participants revised their projects by incorporating additional information and analytical tables.

##### **03 Skills Development**

05 As is shown in the attached illustration, the exercise was intended to serve two basic purposes: i) Help improve the quality of the project proposals; and ii) Help learn the skills of appraising the project. This exercise in developing skills of

**CHART SHOWING STEPS TO FOLLOW IN  
APPRAISING THE PROJECT REPORTS PREPARED BY THE  
PARTICIPANTS DURING THEIR HOME COUNTRY ASSIGNMENTS**

<b>APPRAISAL STEPS</b>	
<b>STEP 01</b>	The Author prepares a Project Document/Report 01 Executive Summary 02 Main Report 03 Statistics/Calculations 04 Recommendations
<b>STEP 02</b>	Distributes the Project Report among the fellow-participants and Resource Persons in advance
<b>STEP 03</b>	The Author presents the Project Report by using the OHTs and other media (about 1'hour)
<b>STEP 04</b>	Immediately after presentation, the Author receives: -First-hand reactions from Participants; -Clarifications from the Participants
<b>STEP 05</b>	The presented Project Report is assigned to three groups for discussions (about 1 hour)
<b>STEP 06</b>	Each group prepares: - A set of questions; - A set of recommendations; and - Seeks clarifications.  (All aimed at improving the quality of the Project Report and helping the author to review/revise the Project Report)
<b>STEP 07</b>	Group leaders present their findings one by one (about 5 minutes each)
<b>STEP 08</b>	The Author replies to questions, tries to satisfy the clarifications and takes note of points made by the Groups for improvement of the Project Report.
<b>STEP 09</b>	The Resource Persons make their expert comments and suggestions to facilitate review/revision of the Project Report.
<b>STEP 10</b>	The Author revises the Project Report and prepares it for submission to his/her sponsoring organisation proposing its implementation.

appraising reinforced the skills in preparing a project proposal, which, in fact, are the principal responsibilities of managers of agricultural cooperatives in their real-life situations.

#### **04 Design of Presentations and Areas of Feedback**

06 The presentations were so designed that every participant could meaningfully evaluate all the project proposals and in the process be made aware of the deficiencies in his/per proposal, apart from gaining insights into other projects.

07 Feedback on each project was wide-ranging. [i] At one level, issues about the project concept itself were raised. For instance, participants were asked to justify the very need for a project or to justify why possible alternative projects serving similar ends had not been considered. [ii] At a second level, feedback was provided on the major design issues of a project. Such feedback covered the choice of implementing agency, the manner in which farmers were to be involved in the project, choice of project location, scale, and of technology, choice of marketing channels, project staffing policies, and pricing policies. [iii] At a third level, feedback was provided on details such as the project implementation schedule, capital cost estimations, break-even analysis, and the financial viability.

#### **05 Development Proposals Produced by the 12th Course Participants**

08 The following project proposals were prepared and presented by the participants:

- i. Chandona Cooperative Fish Culture Project by Kazi Zaihurul Hoque of Bangladesh
- ii. Honey Processing Project in Sanmenxia-China by Mr Gao Mao Lin of China
- iii. Alcohol Production Through Processing of Maize Project by Mr Bai Tao of China
- iv. Modernisation of Ginning Unit Project by Dr RR Randad of India
- v. Construction of Mini-Dairy at Bagalkot in Karnataka State of India by Dr VN Ramakrishna of India
- vi. Dairy Cattle Feed Mill in Central Dairy Farming KPSBU, Lembang, West Java, by Mr Taryat Ali Nursidik of Indonesia
- vii. Development of Dairy Business for Farmer-Members in KUD Bayongbong in West Java by Mr Abdurahman Sopa of Indonesia
- viii. Rubberwood Sawmill by Mr Zahari Mat Amin of Malaysia

- ix. Natural Organic Fertiliser Production Project by Mr Sein Win of Myanmar
- x. Rawalpindi/Islamabad Cooperative Dairy Union Limited Project by Mr Muhammad Ashraf of Pakistan
- xi. Cooperative Agricultural Trading Project of BMPC by Ms Ma Jocelyn P. Espia of the Philippines
- xii. Establishing a Model Fishery Cooperative Federation in the Bicol Region by Ms Estrella R. Hernandez of the Philippines
- xiii. Small Farmers' Development Project in Badulla District by Ms Padmini K. Alahakoon of Sri Lanka
- xiv. Production and Import-Export of Handicraft by Ms Hoang Que Lan of Vietnam
- xv. Establishing an Export Promotion House by Ms Pham Thi Thanh Hang of Vietnam

09 An evaluation or an appraisal of a development project proposal can be done from various angles e.g., from the point of view of the organisation as to achieve its objectives or from the point of view of the clients/users of services of an organisation.

**06 General Yardsticks for Appraising a Development Project**

10 Given below are some of the broad guidelines:

- 01 Is the project in conformity with the development strategy of the concerned organisation?
- 02 Is the project in conformity with the development strategy of the government of the participant concerned?
- 03 Does the project represent high priority area within the development strategies of the government/organisation concerned?
- 04 Have the project objectives been clearly defined?
- 05 To what extent has the integrated approach been followed e.g., backward, forward and horizontal integration?
- 06 Have the functions and activities to be performed been clearly spelled out?
- 07 Has the technical analysis been properly done?
- 08 Have the procurement of inputs and marketing of outputs been properly spelled out?

- 09 Has the financial and economic viability been systematically done?
- 10 Has the organisation of activities and management structure been defined in line with the functions and activities to be performed?
- 11 Have all the data - explanatory and statistical - been based on field studies, interviews, discussions and generally-accepted principles and norms?
- 12 Have the interests of basic farmer-members been adequately safeguarded?

#### 07 Concluding Session

11 In conclusion, the resource person from IRMA, Professor G. Krishnamurthi, appreciated the improvement in the quality of the project proposals. He cautioned that the preparation of the project proposals demands a lot of hard work and an intensive study. At the present stage most of these proposals could only be considered preliminary/draft proposals. They needed a considerable refinement before any formal submission to funding agencies. This exercise was the first step in a long journey towards development. He complimented the participants on their work and stressed the importance of team-work in a project, right from its conception to its completion.

12 Referring to the work done by the participants and Prof G. Krishnamurthi, the IDACA Managing Director, Mr Y. Nakaoka, appreciated the hard work put in by the participants in the preparation of project proposals, and the pains taken by the resource person in evaluating them. Mr Nakaoka mentioned that preparation of project proposals is the key of the entire scheme of the training course. It is interesting that the participants were able to produce such high quality technical reports within a short time. On behalf of the ICA ROAP, Dr Daman Prakash, thanked Prof Krishnamurthi for his technical support to the projects appraisal sessions.

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# **A BRIEF ON PROJECT FORMULATION**

## **CHARACTERISTICS OF A PROJECT**

- 01 A Start and a Finish
- 02 A Time Frame for Completion
- 03 A Unique One-Timeness
- 04 An Involvement of Several People on an Ad Hoc Basis
- 05 A Limited Set of Resources
- 06 A Sequencing of Activities and Phases

## **HOW TO MANAGE PROJECTS TO A SUCCESSFUL COMPLETION**

### Bottomline of Project Management

Completion on Time, Within the Budget and According to Desired Quality Standards

### Effective Project Managers

- Take the Time Necessary to Plan Their Projects and To Manage that Plan Well
- Involve a Large Number of People in the Planning Process
- Know when to Stop Planning and When to Move into Action
- Employ Their Power to Lead the Project Through to Completion

## **RULES FOR MANAGING PROJECTS**

- 01 Set a Clear Project Goal
- 02 Determine the Project Objectives
- 03 Establish Checkpoints, Activities, Relationships and Time Estimates
- 04 Draw a Picture of the Project Schedule
- 05 Direct People Individually and As a Project Team
- 06 Reinforce the Commitment and Excitement of the Project Team
- 07 Keep Everyone Connected with the Project Informed
- 08 Build Agreements that Vitalise Team Members
- 09 Empower Yourself and Others on the Project Team
- 10 Encourage Risk-Taking and Creativity

#### **GOALS HAVE TO BE**

- 01 Clear
- 02 Specific, Measurable, Agreed Upon Realistic and Time-Framed
- 03 Communicated to all Team Members
- 04 Kept Constantly in Front of People

#### **OBJECTIVES NEED TO BE**

- 01 Smart
- 02 More Narrowly Defined
- 03 Related to Overall Goal
- 04 Linked to Rewards for Achieving Goal

#### **GOOD PROJECT MANAGERS DEFINE**

- 01 Checkpoints to Mark Project Progress
- 02 Activities that Get the Project Done
- 03 Relationships Among Activities
- 04 Time Estimates for Each Activity
- 05 Schedule

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{Material extracted from: W. Alan Randolph & Barry Z. Posner's  
"Effective Project Planning and Management - Getting the Job  
Done". Prentice-Hall of India Pvt Ltd., New Delhi}

## SECTION - VII

### PART-II OF THE TRAINING PROGRAMME HELD IN JAPAN

#### 01 Inaugural Session

01 The Second Part of the Twelfth Training Course was formally inaugurated on 23rd February 1998 by Mr Osamu Hirokawa, Assistant Director, Technical Cooperation Division, Economics Affairs Bureau of the Ministry of Agriculture, Forestry and Fisheries (MAFF) of the Government of Japan. The inaugural session was also addressed by Mr Takao Yamamoto, of the International Cooperation Office of the JA-Zenchu, Mr Yoshitada Nakaoka, Managing Director of IDACA, Dr Daman Prakash, Project Director, ICA ROAP and Professor G. Krishnamurthi of the IRMA.

02 Welcoming the Chief Guest Mr Osamu Hirokawa, Dr Daman Prakash, ICA Director said that the participants had completed successfully the first part of the training programme held in India and also the study visits programme in the Philippines held thereafter. While still in the Philippines the participants had the opportunity of meeting with the former participants who were invited to participate in the 8th National Review and Follow-Up Workshop. He said the participants have reassembled in Japan with their project proposals, which would be appraised in IDACA by the participants themselves and with the help of resource persons from IRMA, ICA and IDACA. Dr Daman Prakash informed the gathering that the programme for the twelfth course has been improved upon based on the suggestions and recommendations made by the former participants in their evaluation sessions and in consultation with the ICA member-organisations, IDACA, IRMA etc.

03 Many new aspects have been introduced which have improved the course contents. He said the second part of the training course is an important segment of the training programme as it exposes the participants to the experiences of the Japanese Agricultural Cooperative Movement. He expressed his hope that the participants will greatly benefit from their two months study in Japan and learn many new lessons for incorporation into their own country situations.

04 He thanked the MAFF for their continued funding support and JA-Zenchu and IDACA for their collaborative support in implementing the training programme in Japan. He informed the participants and the guests that the ICA Regional Director, Dr Robby Tulus, would be able to participate in a couple of sessions towards the end of the training programme.

05 Dr Prakash also outlined the work which is still ahead of the participants and also reported on the work done by the participants while they were in India and the Philippines. He expressed his gratitude to the ICA member-organisations in the Philippines - the Cooperative Union of the Philippines and the National Confederation of Cooperatives - for providing



















spontaneous support in the organisation of study visits and national follow-up workshop there. Dr Prakash also briefly narrated his recent experiences of working with the JA-Zenchu/JICA Study Team in Indonesia as well as with the IDACA Team in Vietnam.

06 Delivering his Inaugural Address, Mr Osamu Hirokawa, Assistant Director, MAFF, congratulated the participants and welcomed them to Japan. He said that with the effective collaboration of ICA, the training courses have been found very useful by the Movements in the Region. He thanked the ICA, JA-Zenchu and IDACA for the successful implementation of these programmes. He said that the MAFF supports the development efforts of agricultural cooperatives in Japan and in the Region.

07 Mr Hirokawa said that Japan is experiencing rapid economic growth in the last few decades. The agricultural cooperatives in Japan are contributing a lot to improve the level of productivity and thereby improving the life in rural areas. The Japanese Agricultural Cooperative Movement has its own problems and efforts are being made to face them and solve them. He urged the participants to study the Agricultural Cooperative Movement with an open mind and elicit maximum information by asking probing questions. He wished the participants a pleasant stay in Japan and an enjoyable time during Cherry Blossom season in April.

08 Mr Hirokawa narrated his experience of visiting India during December 1997. He was impressed with the logistic and academic support extended by the ICA ROAP and the IRMA to the training course and briefly mentioned about his visit to a primary level milk cooperative in Anand.

09 Speaking on behalf of the JA-Zenchu, Mr Takao Yamamoto, conveyed the greetings of the Central Union of Agricultural Cooperatives to the guests and participants on their visit to Japan and to study agricultural cooperatives in Japan. Mr Yamamoto said that the JA-Zenchu has a good understanding between the ICA and the Agricultural Cooperative Movement of Japan, and that the MAFF has been able to support the organisation of such training courses. He wished that the participants not only look at the achievements but also take note of the problem areas of agricultural cooperatives.

10 Professor G. Krishnamurthi expressed his gratitude to the ICA ROAP and the IDACA for involving him in the work programme of the training course. According to the draft project proposals prepared by the participants and which were made available to him, Prof Krishnamurthi expressed his complete satisfaction and complimented the participants on the fine work done by them. He has been involved with the training programme for the last three years and he was confident that the high level of technical and academic input made in the entire training programme has been maintained and in some place improved further. Dr Prakash has provided the training programme a good leadership and a proper direction. We, in IRMA, are always conscious of the importance of this training programme, and through the experiences of this



training programme, we improve upon our own training programmes, Prof Krishnamurthi said.

11 He was very happy that three officials from Japan - Mr Osamu Hirokawa of MAFF, Mr T. Takagi and Mr Nakashima of IDACA were able to pay a brief visit to the IRMA and have a look at our facilities including visiting some cooperative institutions. He suggested that such visits should be continued to strengthen our working relationships.

12 Mr Yoshitada Nakaoka, Managing Director, of IDACA, welcomed the participants to Japan and IDACA. Mr Nakaoka said that he always felt that this training programme was unique in many respects. The programme has been designed as a "result-oriented" one. Mr Nakaoka briefly explained to the participants about his recent experience of working with the Vietnam Cooperative Movement, especially his efforts to transfer information on the Japanese Agricultural Cooperative to the Vietnam Cooperators. Agricultural Cooperatives in Vietnam were currently under a process of reorganisation in accordance with the changes in the Cooperative Law. He commended the support provided by Dr Daman Prakash in the organisation of two national level technical seminars in Vietnam and said that Dr Prakash has a deep understanding of the working of Agricultural Cooperatives in Japan. The Japanese, particularly the leaders of JA-Zenchu, the MAFF and JICA are highly impressed with the technical knowledge of Dr Prakash, Mr Nakaoka said.

13 He requested the participants to study the experiences of the Japanese Agricultural Cooperative Movement and try to emulate and implement some aspects suited to their own situations and experiences. He said that human development is an important aspect of life and appreciated the role and support of MAFF in extending its funding support towards this cause.

14 Mr Nakaoka briefed the participants on the role and functions of the IDACA since its establishment in 1963 and training more than 3,500 participants from Asia, Africa and Latin America. He said that IDACA has developed a five-year Progressive Plan which will include many new aspects in addition to extending training support to the movements in the Region and sought the collaboration of the movements in their successful implementation. He mentioned that the IDACA enjoys a good working relationship with the ICA Regional Office for Asia and the Pacific, and from this relationship both the institutions stand to benefit.

## **02 CHARACTERISTICS OF AGRICULTURE, AGRICULTURAL COOPERATIVES AND RURAL COMMUNITIES IN JAPAN** **- An Overview**

### **I. Introduction**

01 Japan consists of four major islands - Hokkaido, Honshu, Shikoku and Kyushu - and a number of island chains. The

archipelago, lying off the eastern coast of the Asian continent, stretches in an arc 3,800 km long and covers an area of about 370,000 square km. The climate is generally mild and the four seasons are clearly distinct. Rainfall is abundant, ranging from 1,000 to 2,500 millilitres a year.

02 The country is mountainous and arable land very limited; only about 13% of Japan is cultivated, and paddy fields occupy 54.2% of this area. Total cultivated land in 1993 was 5,124,000 hectares, making the average Japanese farm only 1.4 hectares in size. Agriculture in Japan focuses on: i) to maintain land condition and natural environment; ii) to develop local economy, and iii) to provide employment opportunities.

03 Agriculture in Japan is supported by some 3.8 million farming households, representing 8.9% of total Japanese households. Farming population is approximately 10.4 million, 10.6% of the total population. The number of farming households, as well as that of farming population, has been steadily declining. Taking advantage of the country's generally mild climate, Japanese farmers produce a diverse range of agricultural products, along with rice. While Japan maintains a national policy that mandates self-sufficiency in rice, beginning in 1995 the country began to accept a set ratio of imported rice. Japanese consumers have traditionally demanded fresh produce and 90% of all vegetables and 60% of all fruit sold in Japan are grown domestically. Similarly, 77% of milk and dairy products, 98% of egg products, and 74% of pork products are produced domestically.

04 In 1985, 72% of all beef sold in Japan was raised domestically, but since the import quota system was abolished in March 1991, this ratio has decreased to 52% in 1993. Only 12% of wheat consumption and 2% of livestock feed is produced domestically, leading to a heavy reliance on imports for these products.

## **II. Japanese Agricultural Cooperatives -Then and Now**

### **The Origins of Japanese Cooperatives**

05 The origin of cooperatives in Japan can be traced back to credit unions established by farmer-activists before the Meiji Era (1868-1912). These credit unions embodied the spirit of mutual aid at a time when there were no formal cooperative organizations.

06 In 1868 Japan underwent a great transformation. After 300 years of isolationist policy, Japan opened its doors to join the worldwide family of nations. At the same time it embarked on a course of modernization and industrialization. This necessarily led to a situation where traditional small producers were forced to compete with newer, much larger enterprises, creating an urgent demand for cooperative organizations that would bring economies of scale to small operators.

07 Japan's first modern cooperatives were the sales unions established to facilitate community trade. Between the late 1870s and the late 1890s, silk and tea producers established cooperatives in Gunma and Shizuoka Prefectures. Seeing the need for a formal mechanism to promote cooperative development, the government enacted the Cooperative Society Law in 1900. Through the individual efforts of Yajiro Shinagawa, Tosuke Hirata, and many others this law authorized the formation of four types of primary cooperatives (Sangyo Kumiai-industrial cooperatives): credit, marketing, purchasing, utilization. Leaders of these single purpose cooperatives soon realized that purchasing and other activities required a stronger financial backing. As a result, in 1906 the government amended the law to allow credit cooperatives to undertake other business activities. Japan's present day multipurpose cooperatives grew from this development.

08 In 1910, the Cooperative Society Law established the Central Union of Co-operatives (Sangyo Kumiai Chuokai). It launched an energetic campaign to promote the Cooperative Movement on a national scale.

09 After the World War-I ended, the Japanese economy entered a period of severe depression. Farmers were hit by a drastic fall in agricultural commodity prices. The concurrent financial crisis also affected cooperatives to a great extent. Then, in 1925, cooperative leaders initiated a campaign to revitalize the Movement, calling on all farming households to become members. By that time, cooperative members had seen the necessity of a new business federation and consequently established the National Supply Federation of Cooperatives and the Central Bank for Co-operatives in 1923. Various other national federations were established during this period.

10 In 1930, Japan again faced an agricultural depression. To overcome this crisis, cooperatives campaigned with government support to establish a cooperative in every town and village in Japan. Such efforts made possible a quick recovery and rapid progress. Although some private merchants campaigned against cooperatives, the strength of the Cooperative Movement assured its ultimate success.

11 Cooperatives continued to refine their organization and activities. Many of today's agricultural cooperative organizations originated during this era. The Ie-No-Hikari magazine was first published in 1924 for the purpose of educating cooperative members, and in 1933, the National Council of Agricultural Cooperative Youth Associations was founded. Cooperatives also began to become involved in providing local medical treatment about this time. Japan became a member of the ICA in 1923. With the beginning of the World War-II, the government reorganized cooperatives and agricultural associations (Nokai, which were engaged in extension services), into agricultural societies (Nogyokai) to secure a War-controlled economy.

## Post-War Agricultural Cooperatives (1945-1960s)

12 Land reform carried out between 1947 and 1949 completely abolished the tenant-farmer system and gave almost all farmers status as independent farm owners. The Agricultural Cooperative Society Law, enacted in 1947, established agricultural cooperatives (Nokyo) as economic organizations to replace Nogiyokai and guaranteed farmers' independence. Consequently, from 1948 to 1949, an increasing number of agricultural cooperatives were established throughout Japan. During this same period, a number of related federations were founded as the Agricultural Cooperative Society Law greatly expanded the activity base of cooperatives. Mutual insurance activities were first established by cooperatives during this time.

13 However, many of these agricultural cooperatives soon encountered serious financial difficulties because of ongoing changes in the post-War economy and the government's deflationary policy. A lack of managerial experience compounded the problem. The government subsequently passed laws to help primary agricultural cooperatives and federations overcome their difficulties, and they drafted plans to revitalize their movements.

14 In 1954 the Agricultural Cooperative Society Law was revised and an apex organization, the Central Union of Agricultural Cooperatives (JA-ZENCHU) was established to guide and coordinate Japan's Agricultural Cooperative Movement at the national level. Similarly, the Prefectural Central Union of Agricultural Cooperatives was established to carry out the same tasks at the prefectural level.

15 Beginning in 1960, Japanese industries, especially the heavy chemical industry, entered into a period of explosive growth, bolstered by the government's economic policies. However, this led to a serious outflow of rural labour and greatly increased the number of part-time farmers, resulting in decreased production and productivity. The Fundamentals of Agriculture Act was enacted in 1961 to mitigate the situation by bringing farm incomes more in line with those of other industries, selectively expanding production, fostering self-sufficient farming practices, and enhancing agricultural management. Agricultural cooperatives responded by establishing cooperative farming complexes in order to concentrate the functions of cooperatives. Additionally, the Agri-related Association System was introduced to promote cooperative management of agricultural production.

16 In 1961, the Agricultural Cooperatives Amalgamation Assistance Law was enacted, and by 1965 the number of primary multipurpose agricultural cooperatives decreased by one-third. This reduction made it possible to consolidate the business and management base, improve facilities, and enter into new fields of activity. Moreover, with an increase in associate membership (non-farmers), agricultural cooperative activities became even more widespread. Agricultural cooperatives then began to direct more energy toward international participation. In 1963 the

Institute for the Development of Agricultural Cooperation in Asia (IDACA) was established. The IDACA was established to train cooperative leaders from developing countries, including those in Asia. Since then, the IDACA has accepted more than a hundred trainees annually.

17 While agricultural cooperatives have always provided guidance on farm management, during the last decade of this period they aggressively expanded beyond their traditional activities. The involvement of agricultural cooperatives in medical treatment and health care, systematic livelihood improvement, education, and culture expanded significantly during the 1960s. During this time retailing operations were instituted in order to promote sales of daily necessities, supermarkets were opened one after the other, the National Tourism Association of Agricultural Cooperatives was established (1967), and the Central Cooperative College was founded in 1969 to train officials and employees of agricultural cooperatives.

### **The Resurgence of Agricultural Cooperatives (1970-1990s)**

18 The Japanese economy slid quickly into a low-growth period after the "oil shocks" in 1973. Since 1974, conditions surrounding agriculture changed qualitatively. While a sufficient level of caloric value had been achieved in terms of food supply, a structural surplus of rice, oranges, milk, and eggs caused a stagnation in the price of agricultural products.

19 Despite the setbacks caused by the two oil shocks, Japan found such success at exporting manufactured goods that economic friction with various countries increased. Some countries began to strengthen their trade offensives to increase the export of agricultural products to Japan.

20 The size of the agricultural population continued to decrease, and farmers continued to grow older. In addition, less land was cultivated and some land was abandoned. At the same time, agricultural cooperatives also faced difficulties in dealing with changing business conditions. Marketing and purchasing were sluggish due to stagnating agricultural production. The deregulation of Japan's financial markets led to a slackening in credit activities such as savings and loans, which provided agricultural cooperatives with operating income. Mutual insurance activity also slowed.

21 From the middle of 1970, agricultural cooperatives have struggled to deal with these challenges by restructuring their organization and management in order to revitalize agriculture.

### **The Future of Agricultural Cooperatives**

22 Although Japan has developed into one of the world's most dynamic economic powers, JA (Japan Agricultural Cooperatives) as the representative of Japanese agriculture is aggressively pursuing reorganization to cope with the rapidly changing

international and domestic economic environments. At the same time, it is promoting activities to further develop Japanese agriculture, increase farming productivity, and provide a higher standard of living for its member. JA's commitment is to meet the diversifying needs of its members by strengthening its ties to rural communities, expanding activities to reflect the changing face of its constituency, and promoting increased community development in rural areas.

23 Some of JA's new activities include the following:

**Residential Development and Asset Management:** Due to increasing urbanization, the weakening agricultural economy, the aging of the farm labour force, and the difficulty of finding successors to take over family farms, many farmers are finding it impossible to continue in agriculture. In order to help these farmers, JA is accepting consignment of farmland and assisting farmers to convert their land to residential use.

**Comprehensive Life and Home Centres:** "A-COOP" stores (super markets operated by agricultural cooperatives) provide an important source of the goods and services demanded by JA members. The establishment of Comprehensive Life and Home Centres bring needed services including lifestyle-related consultation services to rural communities.

**Public Relations:** To increase consumption of domestic agricultural products, primarily rice, JA undertakes publicity campaigns in advertising media including TV and newspapers. To further promote rice consumption, four "Rice Galleries" have been opened throughout Japan since 1991 and are being actively promoted to urban consumers.

**Welfare for the Elderly:** JA is closely involved in social welfare activities. Since revision of the Agricultural Cooperative Society Law in 1992 enabled it to provide welfare services to the elderly, JA has undertaken a larger role in this area, notably expanding its programme to train home helpers and provide visiting home health services.

**Organic Agriculture and Consumer Relations:** To meet consumer need for fresh and wholesome food, JA initiated direct sales of agricultural products and the production of organic agricultural products. Its intention is to increase productivity to cope with intensified competition and financial and market deregulation. For this purpose, JA set a goal of reducing the number of primary units (multipurpose agricultural cooperatives) to approximately 570 by the year 2000 through amalgamation. At present, JAs are organized on a three-tier basis encompassing national, prefectural, and city, town and village levels. This system will be reorganized and the three levels will be combined into two.

24 Recently, the simple acronym "JA", for Japan Agricultural Cooperatives, was adopted to popularize the organization among Japanese from every walk of life. In 1992, the Ministry of Agriculture, Forestry, and Fisheries (MAFF) embarked a new

agricultural policy that focused on fostering large-scale farming. With this, Japanese agriculture entered a new age. Concurrently, JA responded by ratifying a new resolution "**Challenge and Reform Toward the 21st Century**" that expressed its determination to begin a reformation of the Japanese agricultural industry, while reaffirming its commitment to the revitalization of rural communities. (A *summary of the Resolution* is provided together with this document). JA is committed to continuing its efforts to protect Japanese agriculture and bring new life to rural communities.

### III. The Structure of Agricultural Cooperatives

25 **Membership:** JA membership is approximately 8,820,000 (as of March 1994), and includes almost all farmers in Japan. A typical cooperative (having around 3,036 members, on average) consists of farmers as regular members and non-farmers as associate members. Membership requisites are stipulated in the articles of association for respective cooperatives, but they generally require farmers to operate farmland of 10 acres or larger and be engaged in farming 90 days or more a year. Agri-related Association that manages farming operations can also obtain cooperative membership.

26 Any citizen residing in the vicinity of respective JA can become an associate member of that JA. Associate members benefit from JA services, but cannot vote in general meetings or become board members. Use of any JA's services by non-members is limited by law to less than one-fifth that of the members. Regular members account for 70% to 80% of total membership in farming regions, but there are cooperatives in urban areas where the ratio of regular members is less than 50%.

27 Investment in multipurpose cooperatives averages Yen 140,000 per member. Average investment per cooperative is Yen 428 million, and total investment is Yen 1,243.1 billion.

28 **Types of Agricultural Cooperatives:** JA encompasses both multipurpose and single-purpose cooperatives, the difference determined by the type of farming conducted and services provided. Farmers organize an agricultural cooperative and use its services as well as operate the cooperative.

29 The spread of agricultural cooperative is broad and wide. Almost every village in Japan is covered by the JA. In terms of total membership, multipurpose agricultural cooperatives predominate in Japan. They offer guidance on farming and lifestyle matters, marketing agricultural products, supply production materials and daily necessities, loan and invest funds, provide insurance against emergencies, and establish facilities for joint use. Multipurpose agricultural cooperatives cover all the cities, towns and villages throughout Japan. At present, there are 2,905 (as of July 1995), but reorganization is expected to reduce this number to 570 agricultural cooperatives by the year 2000.

30 Single-purpose agricultural cooperatives are organized by farmers who are active in specific areas of production such as dairy farming, raising livestock, sericulture, and other specialized farming. They focus on marketing member farmers' products and supplying production materials and guidance. Only a few single-purpose agricultural cooperatives manage credit services. As of March 1994, there were 3,829 single-purpose agricultural cooperatives throughout Japan.

#### IV. JA Group

31 An organisational Structure of the Agricultural Cooperatives in Japan and a flow chart on Integrated Approach of Multipurpose Cooperatives are **attached** for an easy understanding of the relationship among various types of cooperatives.

32 **Prefectural Level Organizations:** Agricultural cooperatives are administered through the Prefectural Federations of Agricultural Cooperative Associations and the Prefectural Unions of Agricultural Co-operatives. There are several prefectural federations and a single prefectural union in each prefecture. The prefectural federations being economies of scale to individual cooperatives and serve to coordinate the activities of the cooperatives within their jurisdictions. The prefectural federations provide financial, insurance, marketing and purchasing, and welfare services to their member-cooperatives.

33 Prefectural unions coordinate the activities of member-prefectural federations and member-cooperatives. They provide leadership on issues concerning organization, services, operations, management, education, and research, as well as make recommendations to government agencies. In their role as leaders of JA operations at the prefectural level, prefectural unions are legally bound to oversee and administer the overall activities of affiliated JAs. The prefectural unions are funded through levies imposed on their members.

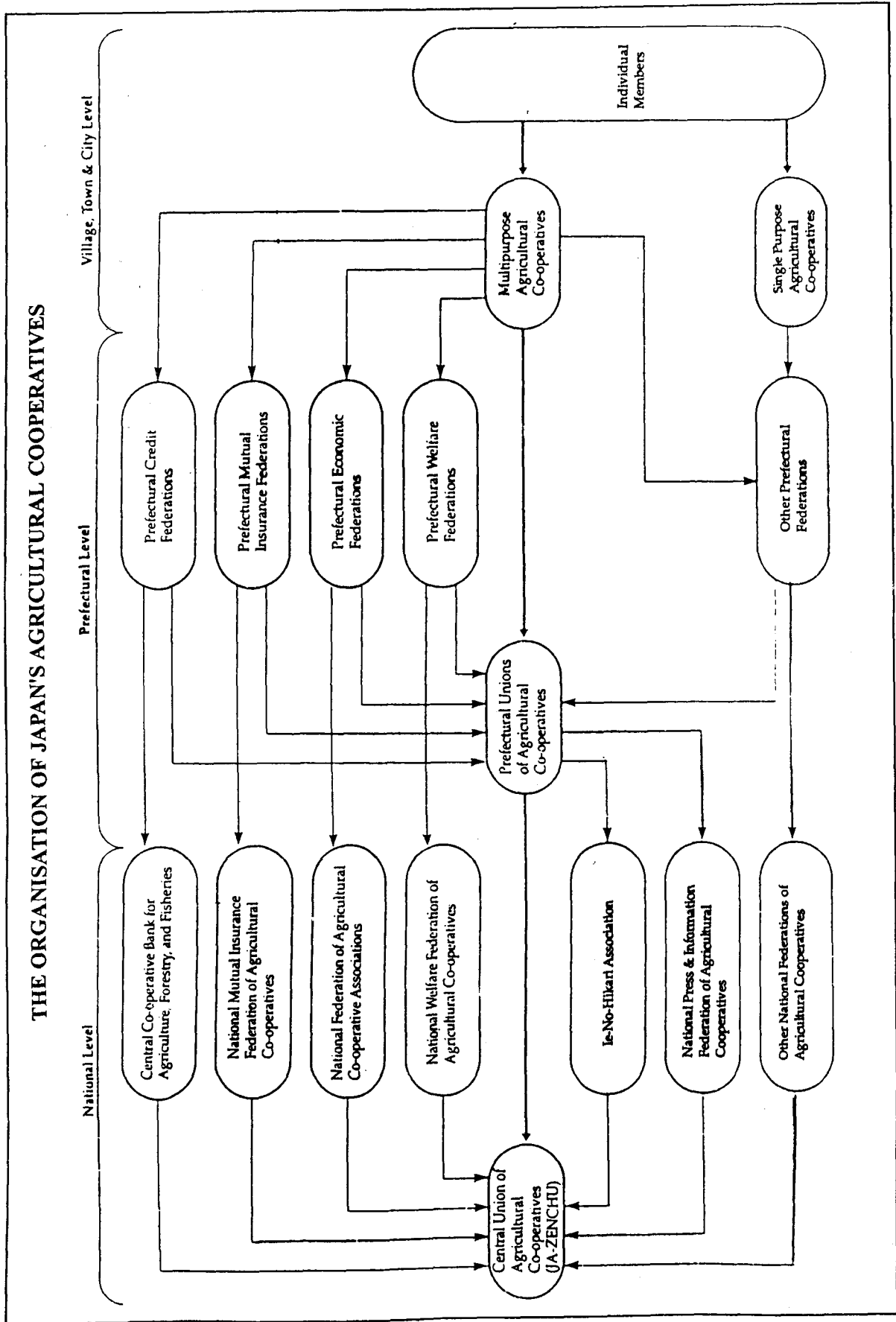
34 **National Federations and other Organizations:** National federations administer prefectural federations individually and collectively, and through them the agricultural cooperatives that form their membership. The major national organizations of JA are as follows:

##### **-National Federation of Agricultural Cooperative Association (JA-ZEN-NOH)**

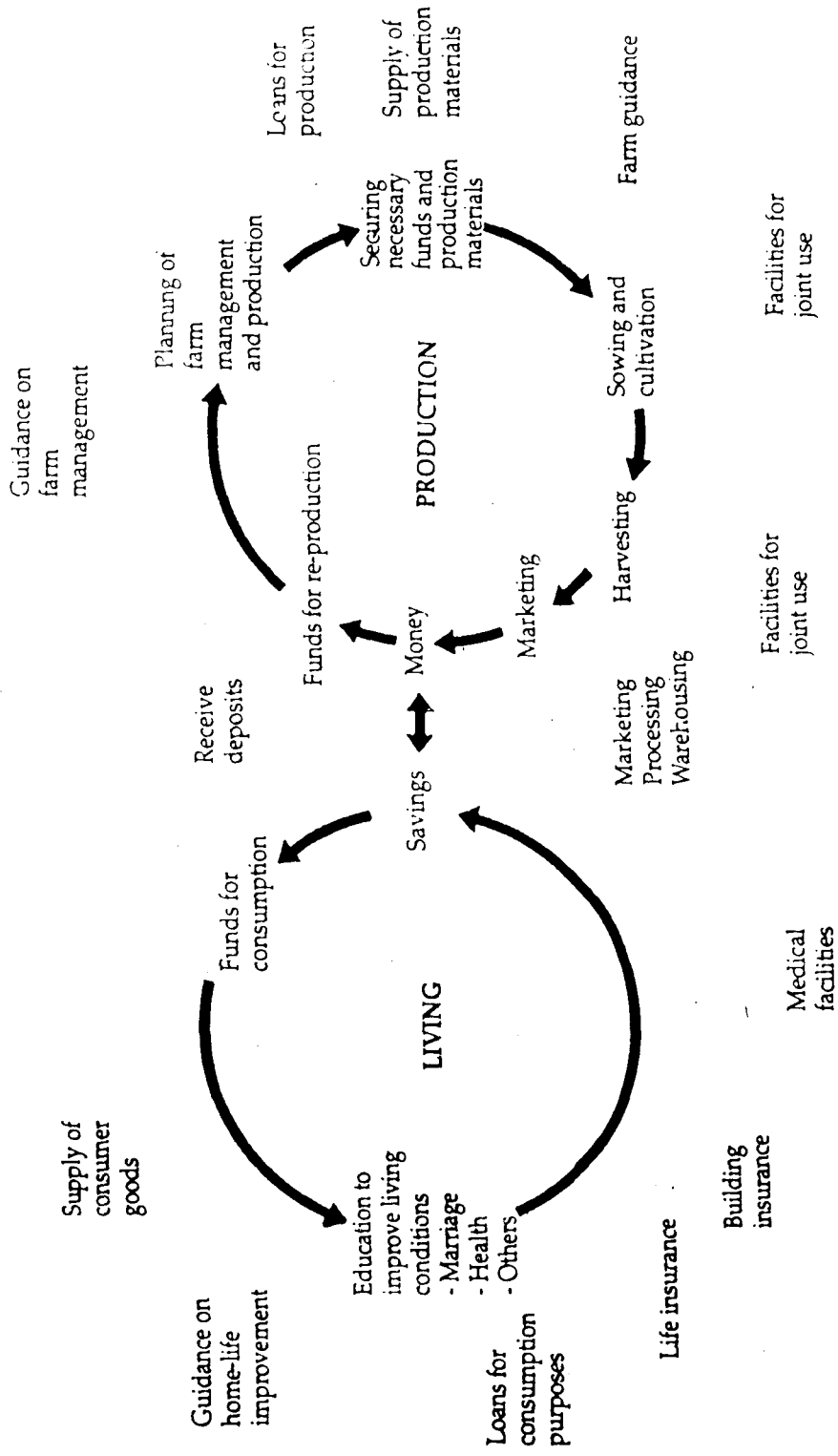
35 The JA-ZEN-NOH's primary function is to market products produced by JA members to consumers and to provide members with the purchasing and materials necessary for business. In order to maintain stable production levels, JA-ZEN-NOH also carries out nationwide production planning. It provides members with production materials and supplies (livestock feed, fertilizers, agrochemicals, farming machinery, and packaging materials) as well as daily necessities (household goods, gas and oil) purchased in quantity at low prices. The ZEN-NOH has established several trading branches in several countries to import raw-



# THE ORGANISATION OF JAPAN'S AGRICULTURAL COOPERATIVES



THE INTEGRATED APPROACH OF MULTIPURPOSE COOPERATIVES



materials needed to produce cattle-feed and other products, sold through the JAs in the country. Its membership consists of the Prefectural Economic Federations (JA-KEIZAIKEN).

**-National Mutual Insurance Federation of  
Agricultural Co-operatives (JA-ZENKYOREN)**

36 The JA-ZENKYOREN brings stability to the lives of JA members by providing insurance against sickness and disaster. It offers a full range of insurance services including life insurance, and insurance for buildings and automobiles, with high coverage guarantees at low premiums. Besides controlling risk, JA-ZENKYOREN develops overall systems, investment, and lends support to JA and the Prefectural Mutual Insurance Federations.

**-Central Cooperative Bank for Agriculture,  
Forestry and Fisheries (NORINCHUKIN BANK)**

37 The Norinchukin Bank is a specialized bank for the agriculture, forestry, and fisheries industries. Its major investors are JA, fisheries cooperative associations and forestry associations, and federations such as the Prefectural Credit Federations of Agricultural Cooperatives. Backed by substantial assets, Norinchukin Bank also extends funds to related industries and local environmental development projects. Norinchukin Bank offers a wide range of services to JA members including savings programmes, foreign exchange services, securities transaction services, international services, and the issue of its bank debentures.

**-National Welfare Federation of Agricultural  
Cooperatives (JA-ZENKOHREN)**

38 The JA-ZENKOHREN and its members, the Prefectural Welfare Federations, oversee health and medical services for JA. Although its medical facilities are available to non-members at no extra charge, JA-ZENKOHREN, in cooperation with JA, conducts its health service, such as group health examinations, to meet the needs of rural communities and JA members. It also provides health-care services and supplies, including medicine, through the Prefectural Welfare Federations.

**-National Press & Information Federation  
of Agricultural Cooperatives (JA-SHINBUNREN)**

39 The JA-SHINBUNREN publishes the daily Nihon Nogyo Shimbun (The Japan Agricultural News), with a circulation of 500,000 and is a member of the Japan Newspaper Publishers' and Editors' Association. "Nihon Nogyo Shimbun" contains timely articles on a range of topics including political, economic, and social trends, written from a viewpoint that takes into account the interests of JA members. It also provides information essential for farmers such as new farming technologies, market conditions, and consumer trends. Additionally, JA-SHINBUNREN also publishes a magazine targeted at consumers, holds seminars to deepen

consumer understanding of agriculture, and conducts educational activities such as overseas training seminars.

**-IE-NO-HIKARI Association  
Agricultural Cooperative Publisher**

40 The "IE-NO-HIKARI" (Light of the Home) is a best-selling monthly magazine filled with light readings on politics, sports, entertainment, agriculture and JA issues, as well as practical articles on farming and lifestyles. Its current circulation is 1.1 million. In addition, the IE-NO-HIKARI Association also publishes a second general-interest monthly magazine "Chijoh", and "Chagurin", a monthly magazine for children.

**-NOKYO KANKO  
Tokyo Tourism Cooperative**

41 The NOKYO KANKO (Tokyo Tourism Cooperative) serves as a travel agent for JA members, cooperative officials, and employees. It plans group tours (domestic and overseas) and arranges railway and airline tickets for individual tourists. Travel corners have already been established at some JA offices. The Nokyō Kanko also sets up mutual exchange programmes through tie-ins with foreign travel agencies.

**-UNICOOPJAPAN  
Trading Company of Agricultural Cooperatives**

42 The UNICOOPJAPAN is a trading company established in 1961 through which JA, fishermen's cooperative associations, and forestry associations export products on their own initiative and import necessary raw materials and production materials. It operates seven overseas branch and representative offices (including one in Beijing), and subsidiaries in four countries. UNICOOPJAPAN trades in grains and livestock feed; livestock products; vegetables and fruit; agricultural and marine processed products; agricultural materials, machinery, and facilities; LP gas and fuel oil; chemical fertilizers; agrochemicals; and consumer goods.

**-The Institute for the Development of  
Agricultural Cooperation in Asia (IDACA-Japan)**

43 The IDACA was established in 1963 to carry out research activities and conduct training seminars for cooperative representatives in developing regions. Every year approximately 100 leaders from cooperatives outside Japan, mainly in Asia, are invited to Japan to learn about Japanese agricultural methods and JA. So far more than 3,500 cooperative officials and workers have undergone training at the Institute.

**-The Central Union of Agricultural  
Cooperatives of Japan (JA-ZENCHU)**

44 The JA-ZENCHU is the apex organization of JA Group. Its primary objective is to establish management policies for JA and

JA federations throughout Japan, disseminate and support JA-Group policies and initiatives, and maintain the sound development of the cooperative system. JA-Zenchu conducts many of the same activities as the prefectural unions while, at the same time, providing them with leadership and guidance. It also assists in training JA members, officials and employees.

45 JA-Zenchu is represented in international organisations such as the International Cooperative Alliance (ICA) and participates in international cooperative progress and activities. It has active collaborative relations with other international organisations e.g., IFAP, AARRO etc. Prefectural unions and national federations make up JA-Zenchu's membership.

46 JA-Zenchu plays a very important role in representing a united JA Group in furthering JA's goals in Japan and around the world, and in providing leadership in how best to achieve these goals. Its basic policies are decided at the JA national congress, held once every three years.

#### **-JA-Youth and Women's Associations**

47 JA youth and women's associations can be found within every JA. The JA Youth Association provides young farmers with opportunities to participate in educational activities covering farm operations and management, consumer trends, agricultural issues, and JA policies, as well as exchange programmes among JAs and cultural and sports pursuits. About 108,000 young people participate in 1,339 (as on April 1995) youth associations throughout Japan. The JA youth associations are administered by councils at both the prefectural and national levels.

48 JA Women's Associations count on a membership of approximately 1.81 million women in 2,274 (as of April 1995) women's associations around the country. Members include women who are not only responsible for taking care of household budgets but are also active in farm operations. They join Agricultural Cooperative Women's Associations to improve health care, standards of living, and buying power. As with the youth associations, women's associations are also represented through councils at the prefectural and national levels.

#### **V. An Introduction to JA's Activities**

49 JA is mandated by the Agricultural Cooperative Society Law to conduct the following activities:

- Education and Public Relations, Guidance on Farming and Lifestyle Issues: Providing educational programmes for improving agricultural technology and operations, enhancing living standards, and promoting cultural activities;
- Activities Related to Agricultural Production: Developing and improving farmland, joint use of irrigation facilities and joint farming work, installation of facilities to improve labour efficiency;

- Entrusted Farm Operations: Operating farmland entrusted by JA members;
- Farmland Trust: Overseeing farmland trust holdings;
- Marketing: Marketing, storage and transport of agricultural products;
- Purchasing: Supplying production materials and essential goods;
- Credit: Loaning funds for agricultural production and living expenses, accepting deposits;
- Insurance: Providing mutual life, fire, automobile, and building endowment insurance;
- Utilisation: Establishing agricultural production and residential facilities for joint utilisation;
- Processing: Processing agricultural products;
- Public Welfare: Establishing hospitals and clinics;
- Senior Citizens' Welfare: Establishing facilities and programmes to care for senior citizens;
- Residential Land Administration: Transferring and purchasing farmland entrusted for residential development.

#### **i. Farm Guidance Activities**

50 Farm guidance is offered to help farmers operate their farms more efficiently. In addition to providing technical advice, agricultural cooperatives help farming groups in rural communities to establish rational agricultural management. There are currently about 19,000 cooperative farm advisors working throughout Japan who, in cooperation with administrative agencies, agricultural research stations, veterinarians, and other groups, are helping farmers bring their farms into the 21st century.

51 Guidance in overall agricultural management is available to all JA farmers. Specific guidance is offered in regional agricultural planning, quality improvement, development of group production systems, lowering production costs through joint use of machinery and facilities and joint purchase of production materials, and regional production and marketing.

52 In recent years, to promote more effective use of farmland, JA has taken the lead in leasing or buying members' farmland to sublease or resell to farmers looking to expand their operations. Many JAs also manage land entrusted by their members, arrange for farms to be worked on a commission basis, and secure needed manpower for member farmers.

53 A salient feature of Japanese agricultural cooperatives is its farm guidance advisory service that is provided to their members. This merits special attention since this service is sought to improve the economic situation of the member as well as provide quality products to the consumers. Agricultural cooperatives are established by the members with an aim of improving their farm management and life. This service, which, in fact, is a prime mover of economic business between the cooperative and the member has the following principal functions:

-Counsellor	Consultation/Guidance: Farm Management
-Planner	Planning/Development of Farm Management
-Engineer	Technical Guidance
-Consultant	Management Guidance
-Organiser	Organisation of Producers
-Communicator	Information Communication
-Marketing Researcher	Response to Markets
-Manager	Management of Facilities

54 This service is not a direct income-generating activity of the cooperative. In view of its importance, the service is regarded as an integral component of the cooperative and of special significance, since through its successful results it has been possible for the Japanese farmers to achieve one of the world's highest yields of paddy (4.5 to 5.5 tons per ha), as well as the most acceptable highest quality of rice. The financing of this service is done through the following sources:

- 22.5% is contributed by the farmer-member;
- 40.5% is the government assistance; and
- 37.0% is shared by the beneficiaries.

55 The farm guidance advisors are the employees of the Movement. The JA-Zenchu and the prefectural unions, develop an implementation strategy in consultation with the agricultural cooperatives, and then help implement the programme through an established network. The **attached chart** distinguishes the roles played by the government-employed Agricultural Extension Workers and the Movement-Employed Farm Guidance Advisors.

## ii. Better Living Guidance Activities

56 In order to create livable communities and enhance the standard of living of farmers and their families, JA offers comprehensive lifestyle consulting services to members. Some of the services offered include:

- \* Health checkups for members and their families;
- \* Consultation about traffic accidents, taxes, housing, pensions, and asset management;
- \* Guidance in lifestyle design and home budgeting;
- \* Activities to improve living standards including promoting self-sufficiency in agricultural products, joint purchase

**Table showing the difference between the Agricultural Extension Workers and Farm Guidance Advisors**

Points	Extension Workers	Farm Guidance Advisors
Status/ character	Government employees	Employees of agricultural cooperatives
Qualifications/ Ability	Go through qualifying Examination. Homogenous ability	No qualifications. In Some prefectures qualifying exams have been prescribed. Not homogenous.
Objects for guidance and operation area	Farm households who are engaged in farming. Over the area of city, town, village (average 5 municipalities per office)	Member-farm households of agricultural cooperatives. Operational area of agricultural coop.
Guidance method	Individual to group.	Collection guidance for commodity-wise group.
Type of guidance	Objective.	Subjective-as per the needs of the coop.
Contents of guidance	High technology.	General technology.
Relations with administration	Comprehensive. Concentrated guidance for farmers and groups. Planned and continuous guidance based on extension plan in response to needs of farmers and the region.	Service to all members. Promotion of agricultural coop movement. Guidance linked with economic business. Group guidance on common problems for members.
Relations with research institutions	Direct.	Not established systematically.
Limitation of responsibility	Needed technology is available.	Limitation of technical sources.
Expenses	Advice is main. Comparatively light.	Strongly and precisely as requested by members and agri. cooperatives.
	Shared by Central Govt. and local Govts.	Paid by agri. coops and contributions made by members and users.



of fresh foods, and doing surveys on commodity prices;

- \* Cultural activities, including cultural festivals, athletic meets, cooking and folk song classes, and ceremonies;
- \* Environmental awareness, including such activities as recycling, cleaning, and maintaining a safe water supply;
- \* Activities to give purpose to senior citizens, including employment opportunities, home helpers, bathing assistance, meal delivery, and visiting home health-care services;

57 There are about 3,000 better living advisors located around the country.

### iii. Marketing

58 Agricultural product prices are inherently unstable due to variations in weather conditions, consumer demand, and competition. JA's marketing focus is to increase members' profits by selling their products through joint marketing and distribution.

59 The four basic characteristics of the JA marketing system are:

- \* Unconditional consignment - Farmers consign the marketing of their products to JA without any price, time, and destination conditions;
- \* Commission charges - JA collects commissions that cover personnel, communication, and travel expenditures;
- \* Pooled accounts - Farmers pool products of the same quality shipped in the same period and collect a stable income based on price averaging;
- \* Full utilization - Farmers gain economies of scale by taking advantage of JA's mass marketing and distribution system. Although the shipped volume of JA products been increasing annually, sales volume is stagnant due to declining prices, a result of the strong Yen and increased imports. This situation has been worsened by flat rice sales caused by a shift in consumer preferences towards other grains.

60 The utilization rate for JA's marketing system is more than 90% for rice, and around 50% for vegetables, beef, and milk.

### iv. Product Processing

61 Product processing generally falls into two categories: processing of goods for sale to the public and processing of goods for home use. Starch, miso, soy sauce, milk, vegetables, fruit, juice, ham, and sausage are all processed for sale to the public at JA plants. Additionally, many JA members use

cooperative facilities to process products such as miso and pickles for home use. Although some JAs and prefectural federations have the facilities to process significant volumes of agricultural products, most JAs have comparatively small plants. These plants are used to process products that are for home use or to be marketed within the community.

62 Oita Prefecture's "one product, one village" offers an excellent example of an alternative use. Special local delicacies were processed and marketed to the general public, promoting regional industries and revitalizing small communities.

63 With some processed products such as rice cakes, rice crackers, and pickles, a common method is to consign processing to private manufacturers in the same region. This system recognizes the shortage of JA personnel and processing facilities, while assisting in the development of local industries.

#### v. Purchasing

64 This service exists to supply JA members with reasonably priced, high-quality production materials and consumer goods. Members place advanced orders that are then pooled together, whereupon goods are purchased in quantity. The foundation of the system is made up of stores located at each JA. As of the end of fiscal 1993, there were 1,668 large "A-COOP" outlets nationwide, among many others.

65 Utilization of the system has been gradually declining in the face of increased competition from outside retailers and less advantageous terms from affiliated suppliers, particularly those for consumer goods, automobiles, and livestock feed.

#### vi. Credit

66 Credit activities mainly encompass collection of savings and the extension of loans to members. To recoup the operating expenses made requisite by the need to offer services to all members, JA credit organizations engage in a variety of businesses including discounting of bill, domestic exchange transactions, liability guarantees, loans to non-members securities transactions, foreign exchange transactions, and trust management. Due to recent financial deregulation, competition with ordinary banks and other financial institutions has intensified.

67 In the interest of fair competition, JA has been granted to expand its business activities including financial services. Today, JA card holders can perform transactions at almost all financial institutions using the same card, including all JA, ordinary banks, and credit unions across Japan. They are also able to pay telephone and electrical bills through an automatic bank transfer system.

## vii. Insurance

68 The purpose of offering insurance is to have a system that compensates members in times of misfortune, thereby guaranteeing their personal and financial security. Major types of insurance offered include:

### Long-Term Insurance

- \* Endowment Life Insurance: Compensates the policy holder when the insured or family members die, fall ill, or are injured or upon maturity;
- \* Whole Life Insurance: Compensates the policy holder upon death of the insured;
- \* Building Endowment Insurance: Compensates the policy holder for property damage caused by fire, storm, flood, or earthquake or upon maturity;
- \* Agricultural Machinery Renewal Insurance: Compensates the policy holder when agricultural machinery is damaged by collision, fire, storm or flood or upon maturity;
- \* Pension Insurance: The insured pays premiums until a predetermined age, after which time the insured receives regular payments until a certain age or death;
- \* Children's Insurance: Children are insured against their own death and injury until finished their education, while their parents are simultaneously insured against death or injury.

### Short-Term Insurance

- \* Fire Insurance: Compensates the policy holder in case of damage by fire to buildings and non-real estate property;
- \* Automobile Insurance: Compensates the policy holder against damage to the insured vehicle(s); includes vehicle liability, personal liability, other liability, and automobile liability insurance;
- \* Personal Accident Insurance: Compensates the policy holder when the insured suffers injury from any accident, in traffic, during work or while travelling.

69 Premiums for these types of insurance are lower than those offered by private insurers, and a portion of the premiums are rebated to members as mid-or long-term funds. At present, JA's insurance accounts for 39% of total insurance on deposit by farmers.

70 JA does not provide crop insurance that compensates for damages in agricultural products caused by natural disaster.

#### **viii. Utilization**

71 The purpose of joint-use facilities is to provide members with access to facilities that otherwise would be unavailable for individual use. There are many joint-use facilities, which can be classified into two types; agricultural production facilities and home/life facilities. Agricultural production facilities include rice production facilities, grain elevators, grading and packing plants, plant nurseries, and agricultural warehouses. Home/life facilities include "A-COOP" stores, meeting rooms, home/life centres, ceremonial halls, and gas stands.

#### **ix. Welfare**

72 Health and welfare services protect members from disease by providing medical and health facilities, thereby bringing medical treatment and preventive care within the reach of all JA members. JA medical facilities are also open to non-members at no extra charge. Treatment is mainly conducted at JA hospitals run by prefectural welfare federations. preventive health care services are important for maintaining good health and include periodic health check-ups, preventive examinations for geriatric diseases, and health consulting services.

#### **x. Real Estate**

73 With encroaching urbanization, a significant amount of farmland is being converted to residential use, often leading to inappropriate and uncontrolled development. JA is helping to prevent this by administering the conversion of members' land in a manner that protects their assets, while still permitting controlled residential development that minimizes damage to the environment and nearby farms. JAs located in urban areas run cooperative farming and housing complexes and apartments at their own initiative, and in a fashion.

#### **xi. Tourism**

74 Japanese generally love to travel, and JA members are no exception. Travel provides a release from the stress of work and domestic chores, and improves health and mental outlook. The Nokyō Tourist Cooperation (N/Tour) was established in 1967 to provide domestic and overseas travel services to members. Arranged group tours organized by JA youth and women's associations, business travel, and cultural trips are very popular. Recently, the number of JAs travel centres which can arrange railway tickets and hotels reservations is increasing.

#### **xii. Education**

75 Education plays an important role in maintaining the viability of Japanese agriculture and extensive educational programmes are offered to members, officials, and employees. Members can enrol in any number of regularly scheduled classes and also attend special educational seminars, training sessions, or international research trips. JA publications, including Ie-

No-Hikari (The Light of the Home) and the Nihon Nogyo Shimbun (The Japan Agricultural News) play a large part in bringing members up-to-date on the latest trends, topics, and technology.

76 JA officials undergo continuing education to improve their leadership abilities, and JA employees must constantly update their knowledge on business trends and technical innovations. To provide a location where members, executives, senior employees, and newcomers can come to take classes and participate in meetings and seminars ranging from farm management consulting to lifestyle advice, auditing, and computer training. Each prefecture and all JA national organizations maintain specialized training facilities.

#### **xiii. Public Relations**

77 Public relations provides a vital connection between JA organizations, their members, and the general public. Internal public relations help build solidarity among members while external public relations help educate the public and disseminate JA views and policies.

78 Public relations directed at cooperative members consist primarily of print media, including pamphlets and leaflets, but also includes some TV utilization, mainly through small cable channels. JA federations publish newspapers and magazines, and JA-ZENCHU publishes a monthly bulletin targeted to officials and employees of JA Group.

79 The importance of external public relations is increasing. In the light of recent overseas trade conflicts, the main impetus is to educate the public on the essential role that agriculture and farming communities play in society and emphasize the importance of maintaining a safe and stable food supply. The primary vehicles for disseminating external public relations remain the mass media including newspapers, magazines, TV, and radio, along with various special events such as fairs and JA festivals.

#### **xiv. Lobbying**

80 JA engages in lobbying as a means to promote specific policies. It lobbies at all levels of government to press members' interest on policies concerning land use, production, pricing, distribution, budgets, taxes, social security, and the environment. Lobbying methods range from simple request submissions to major public demonstrations. On important issues, lobbying efforts are mainly spearheaded by the prefectural and national unions.

### **VI. Democratic Control and Management**

81 Federations and central unions are governed under the Agricultural Cooperative Society Law, as follows:

82 **The General Meeting:** The annual General Meeting is the supreme decision-making body of JA. At the General Meeting, changes in the Articles of Association are resolved, the year's business plan is approved, and officers elected. Resolutions are usually passed by a majority vote of the attending members. However, important resolutions on changes in the Articles of Association and resolutions regarding cooperative mergers, for example, must be approved by at least a two-thirds vote of the attending members.

83 Large cooperatives with many members (more than 500 regular members) may organise a representatives' meeting with decision-making authority. A quorum for the representatives' meeting is at least one-fifth of the total number of regular members.

84 **Directors and Auditors:** Directors enact business according to policies adopted at the General Meeting. Auditors review business performances and submit this review at the General Meeting. Directors and auditors serve for not more than three years with the President being elected from among directors by director's mutual vote. Recently with the ongoing mergers among multipurpose cooperatives, the number of full-time officers is decreasing.

85 **Employees:** JA employees provide the energy that keeps this vast organisation functioning and on track. Their ability to coordinate their efforts within the organisation is a key element in maintaining the smooth operation of JA. The total number of JA employees, including those of federations, is approximately 400,000.

## VII. JA's Principles

86 JA's principles are derived from the Agricultural Cooperative Society Law, and govern the day-to-day management of the organisation. They are as follows:

- Becoming a member of, and resigning from, JA is of one's free will.
- Elections are determined by 'One regular member, one vote';
- JA is a non-profit organisation whose mission is to protect and enhance Japanese agriculture and improve the standard of living of agricultural workers. For this reason, dividend is limited to not more than 7% for multipurpose JAs, and not more than 8% for federations;
- Concerning the settlement of the surplus, in case the loss happens this surplus is allocated to cover this loss. And after funds for JA business development and those to be carried forward are deducted. Surplus shall be paid to cooperative members in the proportion to which they utilised the cooperative services;



- In order that training programmes for new members be adequately financed, not less than one-twentieth of a cooperative's surplus must be carried forward to the next fiscal year.

### VIII. Governmental Guidance and Supervision

87 The government audits national and prefectural federations and central unions, while prefectural governments audit JAs within respective prefectures. The government may issue necessary orders to carry out the sound management of JA.

88 Audit is carried out to safeguard members' interest and to improve cooperative management. Four kinds of audit are available:

- 01 Internal auditors appointed by general meeting;
- 02 Special audit by staff members as per direction of the President of a cooperative;
- 03 Audit by the Central Union; and
- 04 Audit by the Government.

### To Sum Up

89 Agricultural Cooperatives in Japan are the most sophisticated high-tech managed cooperative institutions which, not only produce and market the needed agricultural products but also look after the members and their interests in its totality. The phenomenal rise of Japanese post-War economy can safely be attributed to the hard and systematic work done by these agricultural cooperatives in consolidating people, land resources and producing the needed food and providing the needed services to the community. These services range from the "cradle to the coffin". The Japanese agricultural cooperatives stand committed to "3-H Agriculture" - Healthy, High Quality and High Technology.

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### 137 farm co-ops merge into 31 groups

A total of 137 agricultural cooperatives in 18 prefectures have merged into 31 larger groups in an effort to strengthen their management bases, an umbrella organ of farm co-ops said.

The mergers came during difficult business conditions resulting from an increase in farm product imports.

The 137 co-ops included 32 in Akita Prefecture, where three new groups were created, the Central Union of Agricultural Cooperatives (Zenchu) said.

One of the three, JA Akita Obako, was formed through the merger of 20 co-ops and boasts Japan's largest rice sales of 31.7 billion yen and shipments of 105,000 tons, according to the 20 co-ops' performance last year.

Aside from Akita, the 18 prefectures are Hokkaido, Aomori, Miyagi, Saitama, Tokyo, Ishikawa, Gifu, Shizuoka, Shiga, Osaka, Nara, Okayama, Tokushima, Ehime, Kochi, Nagasaki and Oita.

*Source: Mainichi Daily News, Tokyo. Apr 3 1998*

**JA STRATEGIES FOR JAPANESE AGRICULTURE MEETING THE NEEDS OF THE 21ST CENTURY -The Resolution of the 20th National Congress of Agricultural Cooperatives held in September 1994**

***A Summary***

01 The continued viability of Japanese agriculture is seriously threatened. The agricultural labour force is aging and arable land area continues to decrease. Furthermore, the elimination of non-tariff import restrictions following the implementation of the GATT Uruguay Round (UR) accords and increased competition from overseas agricultural products due to lower tariff rates and the strong Yen will serve to negatively impact on Japan's domestic agricultural industry.

02 As a consequence, the Japanese public is becoming increasingly uneasy about maintaining a stable food supply. This concern was heightened following the extremely poor rice harvest in 1993 and the necessity of importing emergency rice supplies.

03 Government action addressing this concern and the role JA will play are important issues. Additionally, JA's regional constituency is rapidly evolving, with some areas becoming increasingly urbanised as others experience depopulation. In this environment, JA faces several major issues in redeveloping operations to better serve its members and the communities in which they live. Of special concern are JA's declining financial results and decreasing member participation.

04 In the light of these circumstances, JA Group identified the following three priorities at the 20th JA National Congress. It is essential that we unite in achieving these goals in order that Japan's agricultural industry enters the 21st century as a revitalised, viable force:

- \* To restructure the Japanese agricultural industry to better provide a stable food supply, while protecting Japan's environment and revitalising rural communities;
- \* To expand cooperative activities by strengthening bonds with members and consumers, and promote rural development; and
- \* To reform JA operations to better respond to the needs of members, while building a strong management structure.

**01. Rebuilding Japanese Agriculture and Revitalising Rural Communities Reaching a National Consensus on Food Supply, Agriculture, and Rural Development**

05 In addition to decreasing productivity, Japanese agriculture faces a major crisis following the acceptance of GATT UR accords. Meanwhile, the Japanese public still looks to the Japanese agricultural industry as its primary food source and as protector

of the country's rural environment. JA's goal must be to increase the overall productive capacity of Japanese agriculture in order to guarantee a safe food supply based on the principle of domestic self-sufficiency.

06 Therefore, in addition to calling on the government to radically overhaul agricultural policy, JA Group must also strengthen its own reform process, while developing new strategies to ensure the viability of Japanese agriculture.

07 The strategy to revitalise Japanese agriculture is founded on the following four points:

- i. Creation of a policy that recognises agriculture's multifaceted role not only to supply food but to protect rural environment is needed. This requires that JA strengthen its endeavours to obtain public consensus on the importance of agriculture in protecting rural environment and societies;
- ii. Maintenance of the present food self-sufficiency ratio for Japan, the world's largest importer of foodstuffs, and implementation of a policy that addresses this situation for the future is essential;
- iii. Equal and fair international trade rules for agricultural products which allow member-countries to maintain and develop their domestic agricultural industries is required. JA Group is against the GATT UR accords;
- iv. Policies to maintain and expand Japanese agriculture are necessary. JA Group must strengthen its efforts to reform agriculture to better meet consumers' needs for a safe and stable food supply, while promoting regional agricultural production.

## 02. Regulating Food Supply, Agriculture, and Rural Development

08 As a part of its overall strategy to revitalise Japanese agriculture, JA Group is calling for the implementation of an omnibus law regulating food supply, agriculture, and rural development which clearly outlines future agricultural policy development.

09 It is essential that the following four guarantees be embodied by this legislation:

- i. The guarantee of a safe food supply to be achieved through ongoing development of Japanese agriculture, new rural development, economic decentralisation, and the present maintenance and future improvement in Japan's food self-sufficiency ratio;
- ii. A guarantee that domestic production is vital to the national lifestyle, clearly delineated medium - and long-

term production targets, assurance of food self-sufficiency through stockpiling programmes, streamlined distribution and processing, and expanded environmentally friendly agriculture;

- iii. A guarantee to establish farm management, assist in management reorganisation, and secure a diverse management base that reflects varied regional conditions, as well as comprehensive measures to assist farmers in mountainous and other low-yield areas;
- iv. A guarantee to assist in efforts by agricultural workers to increase productivity through a clearly outlined strategy to improve medium and long-term income.

### 03. Comprehensive Rice Policy Reform

10 In August 1994, the Agricultural Policy Council reported on its comprehensive review of the present rice production and marketing systems and prepared a new legal framework for the same. In order to maintain future domestic self-sufficiency in rice, a system beneficial to both consumers and producers, one which allows for the distribution of stable quantities at stable prices is necessary.

11 The JA Group would like to see comprehensive reform of Japan's rice policy growing from the following six fundamental points:

- i. Review and reorganise the current system to encompass price and distribution functions, while maintaining the basic commitment to price stability and government adjustment of supply and demand. Create a legal framework to regulate production and adjustment and emergency stockpiling;
- ii. Production targeting should be decentralised to give rural communities and producers greater freedom. A system of economic inducements to ensure the most efficient selection of crops should also be implemented;
- ii. Establish a government stockpiling system in order to mitigate harvest fluctuations and secure a stable rice supply. Adopt a revolving storehouse system;
- iii. Establish a mechanism governing the sale and distribution of imported rice that is designed to have minimal impact on domestic rice sales;
- iv. Institute measures to better track and adjust supply and demand while allowing for continued growth in sales of independently distributed rice. Take steps to stabilise the price of independently distributed rice through such measures as flexible stock adjustments;
- vi Set up a tracking system to measure the impact of production adjustments by integrating production and

collection functions and closely monitoring distribution.

12 JA Group is also researching ways to sell rice directly to consumers, as well as restructuring other parts of the present system.

**04. Expanding and Enhancing Government Programmes to Individual Farmers**

13 Many agricultural workers are deeply worried over the future of their industry following Japan's acceptance of the GATT Uruguay Round accords. In response, JA Group is calling for institution of the following measures aimed at ensuring the vitality of the domestic agricultural industry:

- \* Infrastructure development aimed at raising the quality of life of farming households and attracting new workers to rural communities;
- \* Development of an agricultural support system administered through JA by which rural communities can supplement and coordinate their activities. This system would alleviate technology, labour, and facility shortages to ensure increased overall agricultural productivity;
- \* Special measures including subsidization of road construction and transportation costs and the introduction of indigenous crop production in mountainous and other low-yield areas. Assistance in securing opportunities for expanding non-farm income including the promotion of "eco-tourism" should be strengthened;
- \* Comprehensive management stabilization measures, including debt forgiveness, enabling farm-managers to develop new businesses aimed at a changing management environment. Complete fiscal support including the expansion and enhancement of the tax system as well as other fiscal measures combined with the facilitation of agricultural land sales, enabling farmers to convert smoothly to other crops or combined management. Measures to promote the integrated use of agricultural land, allowing farmers to further expand the scale of their activities;
- \* Measures encouraging the expansion of environmentally friendly agriculture, technical research, and processing and distribution activities.

**05. Expanding and Enhancing Government Policy Regarding Specific Products**

**14 Livestock and Dairy Farming**

- \* A government-run adjustment mechanism based on a stockpiling system for domestic dairy products should be established.

- \* Comprehensive supply and demand adjustment measures including stockpiling of dairy products, developing new markets, and financial subsidies for some products (e.g. raw natural cheeses) should be established.
- \* Measures to stabilize meat prices will be necessary if livestock growers are expected to maintain current profit margins following acceptance of the GATT accords and project price fluctuations.

#### 15 Mountain Farming and Horticulture

- \* Maintaining regional planting systems, setting pricing policies which strike a balance among crops and, enhanced marketing for individual crops are required to stabilize supply and demand.
- \* Horticulture infrastructure and mechanization should be enhanced, while programmes to improve the quality of fruit, vegetables, and flower hybrids should be strengthened. Likewise, measures to increase the efficiency of labour and rationalize labour distribution are required. Additionally, programmes supporting contract production and sales are required to strengthen Japan's mass distribution system for vegetables.
- \* Price stabilization programmes for vegetables and fruit should be enhanced and strengthened.
- \* Inspection and quarantine systems for imported fruit should be greatly strengthened to handle a projected increase in imports.

#### 06. JA Group's Strategy for Regional Agriculture and Rural Development

16 Government policies alone are not enough to revitalize the Japanese agricultural industry. JA must strengthen its own approaches based on the following four objectives. In order to achieve these objectives, a long-term agricultural management strategy should be established and agricultural management centres with expanded management guidance functions and systems established within JA.

17 Measures to ensure a safe and stable food supply and encourage domestic production and distribution: JA Group is working to develop and distribute safe, low-cost, high-quality, and labour-efficient technologies for use in the production of key regional crops. It is also working to strengthen purchasing/distribution systems for production materials and to expand agricultural management service projects, as well as enhancing marketing activities promoting domestic product sales. This includes establishing a quality assurance system for domestic products, and creating sales promotion campaigns for domestic agricultural products. The implementation of a production-centered system and management reforms to enhance regional



agriculture.

18 In order to secure agricultural workers for the 21st century, JA has acquired corporate status as an agricultural-land holding company, furthering competitive management by providing arable land to farmers seeking to expand their scale of activities. Additionally, JA is helping develop related agricultural businesses and self-sufficiency programmes in order to maintain overall regional productivity.

**19 Promoting agriculture and community development in mountainous and other low-yield areas:**

- JA is active in expanding the income of farmers located in mountainous and other low-yield areas by providing opportunities for diversification beyond traditional crops and businesses; and,
- Maintaining and protecting the rural environment, and promoting environmentally friendly agriculture

20 JA is working to maintain and protect the rural environment by promoting the development of environmentally conscious production technology and environmentally-friendly agriculture, among other things.

#### **07. Building a National Consensus**

21 In order to deal with the fluid political situation including calls for reforms to the electoral system, JA seeks consensus within its organizations regarding measures to ensure the collective political power and influence of its constituency. This includes reviewing political options presented through current party affiliations as well as those that would be offered through the formation of an independent party.

22 In addition, amidst increasing demands from the mass media and some economic circles for further market opening and deregulation of agricultural products, JA is endeavouring to broaden its consensus by appealing to all levels in formulating public opinion and obtaining recognition for the multifaceted role of agriculture in Japanese society.

23 In keeping with this philosophy, JA supports activities such as agricultural conferences, maintains relations with agricultural organizations and environmental organizations around the world, and actively participates in campaigns to attract public support for its programmes. Similarly, JA stages local events, publishes agency papers and educational materials for children, and participates in other grass-roots activities.

#### **08. Strengthening Cooperative Activities, Promoting New Rural Development and Developing Cooperative Activities to Strengthen Ties with Members and Consumers**

24 The needs of JA members are rapidly evolving, leading to

concerns that their ties to JA are weakening. In response, JA is working to strengthen its bonds to its constituency, realigning its operations and organization to better meet members' expectations.

- \* JA is changing its philosophy to emphasize individuals rather than households, and encouraging farmers' children and wives to enrol as members. JA is also working to reorganize and strengthen community union organizations which form its basic constituency, and promoting the enrolment of regular users of JA businesses as members.
- \* JA is working to better understand members' goals and needs, and to develop outreach and counselling programmes.
- \* In addition to promoting the appointment of youth and women's representatives as delegates and directors, JA is developing integrated activities programmes for youth and women's groups.
- \* JA is developing stronger ties in rural communities by establishing branch administrative committees, user round-table discussions, and other organizing activities. It is also targeting public relations activities in the public print media, as well as working to broaden and strengthen the cooperation between cooperative societies by expanding sister JAs.

**09. Creating a Stable Standard of Living and Promoting Social Welfare for the Elderly**

25. JA's goal is to become a comprehensive provider of the products and services, including cultural and consultation activities, that enhance quality of life for those residing in rural communities. Furthermore, JA is anticipating the aging of society by promoting closer relations among local communities through tie-ins with local residents and related organizations.

26 This strategy encompasses the following activities:

- \* JA is reorganizing its retail operations by merging small stores and establishing a chain of prefectural "A-COOP" stores that are better able to meet members' needs. Additionally, JA is converting key "A-COOP" stores into comprehensive lifestyle and home centres.
- \* JA is working to enhance the lifestyles of the elderly by, among other things, promoting health management and providing activities which provide purpose for them. It is also cooperating with local governments and related organizations to train JA home helpers and establish independent mutual support organizations. Finally, JA is helping to expand visiting home health-care services and constructing additional facilities to care for the elderly.

## 10. *Integrating Agriculture with Urban Spaces and Solving Local Environmental Problems*

27 JA protects members' land assets from uncontrolled development, effectively utilizing assets according to members' dictates. Additionally, as part of its rural development strategy to maintain stable employment levels and protect the local environment, JA is undertaking the following activities:

- \* Promoting the creation of towns which integrate agriculture with urban space by emphasizing controlled development, the establishment of agricultural and residential unions, and the promotion of land readjustment projects within the JA Group system.
- \* Providing recreational areas and guest houses and promoting processing projects using indigenous products.
- \* Developing environmentally conscious products and implementing fund raising activities for the Rainbow Environment Fund.

28 Additionally, JA is promoting the establishment of combined treatment and purification tanks and agricultural community waste-water facilities; recycling programmes; executive-led, local land beautification projects; and other regional environmental measures.

## 11. *Comprehensive Business Development in Rural Communities*

29 In order to respond appropriately to the needs of members and other users, JA is developing rural business activities with a local emphasis, based on its commitment to satisfy members' needs. JA is achieving this goal through the following activities:

- \* JA is strengthening its ability to match products and services to members' requirements through demographic marketing.
- \* JA is converting usage fees for JA facilities to a cashless system, financing car sales through combinations of loans and mutual aid, and enhancing activities which make the most of JA's strengths as a provider of comprehensive services, including integrated credit processing, financial aid services, social welfare assistance, and regional development projects.
- \* JA is establishing consulting departments in branch offices in order to better understand and more quickly and accurately respond to the needs of members and other users. It is also training full-time staff specialists who can create and develop financial, mutual aid, lifestyle and other services.

**12. Restructuring JA Operations and Building Strong Management Foundations**

30 In the light of the evolving needs of members and local communities, JA must not only contribute to further improving agricultural management and the lifestyles of its members, but also enhance JA business operations and establish a management base to respond to environmental and market changes.

31 As we approach the year 2000, JA is undertaking the merger of its domestic operations. Presently, 216 cooperatives have been merged, out of a planned 630. Fifteen prefectures will have completed this programme within the next year or two.

32 JA is working to quickly realize its merger strategy as outlined below, and to reorganize functions and systems at newly merged operations:

- \* To quickly realize its merger strategy, JA is working to remove districts without Amalgamation Promotion Councils and strengthening its position on measures for frozen credits, and other items, by establishing and promoting a Prefectural Amalgamation Promotion Corporation.
- \* To enhance management productivity, JA is providing advanced business expertise to newly merged operations, as well as providing a system for responsible management through an internal audit and performance system and assisting in the appointment of experienced directors.

**13. Reforming JA Business Operations and Restructuring JA Unions and Federations**

33 JA is working to reform businesses and organizations throughout JA Group through mergers and by implementing advanced business systems.

34 Reforming JA business operations on the basis of a two-tier format Prefectural conferences on specific enforcement policies and direct utilization of the National Federation will build consensus for reforming present JA business operations. Afterwards, reorganization can be implemented on a prefectural basis as soon as the necessary infrastructure is in place.

35 Restructuring organizations in accordance with the new business system.

36 The goal of JA is to complete a two-tiered reorganization consolidating unions and federations by the year 2000. The consolidation will be implemented as individual prefectures complete the necessary preconditions. Consolidation schedules will be established according to each prefecture's organizational enforcement plan. Conferences between prefectural federations and national federations concerning specific aspects of the reorganization will be held as prefectural federations complete the necessary preliminary steps.

37 Organizing national unions, thereby increasing the efficiency of national federation management, consolidating duplicated functions, and integrating general and specialized business administration, are priorities in establishing the new business system.

38 Revising the legal and tax systems governing the creation of organizations.

**14. Improving Labour Productivity, Restructuring Branch Office Functions, and Consolidating Facilities**

39 Sales at JA-managed businesses have declined, and profits are decreasing as a consequence of ongoing changes in agricultural communities and the deregulation of financial markets. Likewise, local business management costs are increasing steadily, driven by rising personnel costs. JA'S account balance is worsening, and fiscal 1993 saw the fourth consecutive term of declining profits.

40 To overcome these adverse conditions, and to meet the expectations of JA members for stronger management, JA Group is urgently working to build a stronger management structure. In addition to merging JA operations and reforming JA businesses and organizations, JA is undertaking the following measures:

- \* Raising overall labour productivity (overall business profits per worker) by 30% by the year 2000 through improved personnel management procedures (sloped personnel placement), more effective utilization of human resources, a review of labour distribution ratios, and personnel reductions through new and midway hiring adjustments, and other measures.
- \* Enhancing daily communication between branch offices and restructuring branch offices by reviewing and reorganizing functions and other measures.
- \* Consolidating facilities in order to expand functional efficiency, increasing administrative efficiency, and rationalizing distribution.

**15. Improving Business Operations and Creating a Comprehensive Information System**

41 In order to strengthen its management structure, JA is working to improve all of its business operations. In addition, JA is working to improve its divisional accounts structure, enhance self-capitalization, improve finances, and construct and implement a comprehensive information system.

42 To achieve these goals, JA is conducting through management audits to clarify management issues and urgently working to improve management by establishing a long-term management reform plan based on the following objectives:

- \* Improving all JA business operations and creating a balanced divisional accounts structure.
- \* Enhancing self-capitalization and improving finances by eliminating frozen credits.
- \* Constructing and operating an advanced, comprehensive information system, strengthening cooperative development and management by united JA Groups based on new information management strategies.

**16. Changing Upper Management's Outlook and Developing a Dynamic Manpower Base**

43 JA is pursuing the following measures in developing the manpower base that will be the driving force in the resurgence of JA Group:

- \* JA is developing CI (Corporate Identity) activities, working to improve the outlook of JA executives, and initiating measures that increase employees' enthusiasm for work. It is also conducting surveys designed to track employee motivation in order to develop an environment where workers are more enthusiastic, promoting participation in the establishment of business plans, and introducing ability-based and double-tracked personnel management systems, among other measures.
- \* JA is promoting campaigns to develop more efficient manpower at all levels, as well as fostering member-leaders and successors to farming operations, strengthening top management abilities, and enhancing worker education by linking ability-development personnel management with basic and specialized education and training.
- \* JA is developing new educational and training systems, raising the efficiency of JA union organizations, and working to establish the JA Education Centre (tentative name).

**17. Establishing and implementing Long-Term Agricultural Management, Quality of Life and Rural Development, and Management Reform Plans**

44 JA is working to establish a long-term strategy as outlined below to be completed by fiscal year 2000. Revisions to this strategy will be integrated into existing plans, while promotional systems will be established within each level and organization in the JA Group, allowing for smooth and coordinated implementation:

- A. **Long-term Agricultural Management Plan:** JA'S goal is to recreate Japanese agriculture for the 21st century by working to establish a long-term JA agricultural management plan which unites communities and districts around JA branch offices, municipal farm management centres, and JA

farm management centres.

- B. **Long-term Quality of Life and Rural Development Plan:** JA is working to establish a long-term quality of life and rural development plan to develop local areas, enhance living environments, provide comprehensive life and home centre services, and promote measures to recreate rural communities with an commitment to provide welfare and mutual aid for the elderly.
- C. **Long-term Management Reform Plan:** JA'S aim is to encourage comprehensive management audits and establish long-term management reform plans with the basic goal of improving labour productivity and facility efficiency, among other factors.

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{Note: Material reproduced, with minor editorial changes, from the documentation made available by the JA-Zenchu.}





## SECTION-VIII

### COMPARATIVE FIELD STUDIES-III/JAPAN

#### 01 Field Study Visits in Japan

01 During Part-II of the Training Course in Japan, study visits were arranged in Yamaguchi and Iwate Prefectures and to cooperative institutions in and around Tokyo.

02 The participants visited the following institutions during their stay in Japan:

- 01 JA-Zenchu (Central Union of Agricultural Cooperatives-Japan)
- 02 JA-Yamaguchi Chuokai (Prefectural Union of Agri Coops)
- 03 JA-Yamaguchi - a primary level agricultural cooperative
- 04 JA-Hokan - a primary level agricultural cooperative
- 05 Farmers' Morning Market/JA-Hokan and Juice Plant
- 06 Yamaguchi Agricultural Experimental Station
- 07 JA-Iwate Chuokai (Prefectural Union of Iwate Agricoops)
- 08 Bulk Blending Plant of Iwate Economic Federation
- 09 Meat Processing Plant of Iwate Economic Federation
- 10 JA-Iwate Hanamaki - primary agricultural cooperatives
- 11 Elders' Home of JA-Iwate Hanamaki
- 12 Children Kindergarten of JA-Iwate Hanamaki
- 13 New Expanded services of JA-Hanamaki
- 14 Ota Wholesale Market, Tokyo
- 15 Central Agricultural Cooperative College, Tokyo
- 16 IDACA (Instt for the Development of Agri Cooperation in Asia)

#### 02 Study Visits in Yamaguchi Prefecture

03 The Yamaguchi prefecture is a part of the Chugoku region. The prefecture is known for its natural beauty and an ideal place for relaxation. Some of the basic indicators of the prefecture are: total land area-611,000 ha. (out of which 46,500 ha paddy fields, households-560,000 (out of which 63,000 are the farm households, total population-1.6 million (out of which there are about 200,000 farmers). Main products of the area include: paddy/rice, fruits and vegetables, poultry products, dairy and pigs. Over a period of time and due to government policies, farmers' preferences and the reduced number of active farmers, the area of paddy fields has gone down. Reduction of paddy fields was mainly attributed to its conversion into housing lots, roads in and around urban areas and due to the extension and rearrangement of farming areas and irrigation and drainage channels, and, in the hilly areas shortage of farming population. Concerning the upland areas, although there has been some increase due to reclamation and paddy field conversion, it has declined due to abandoned farming areas, centring on orchard, conversion into housing lots and roads.

04 Ratio of gross turnover of various commodities in the prefecture during 1995 has been: rice 49.9%, eggs 5.7%, oranges

4.4%, beef cattle 4.1%, broiler chicken 3.0%, milk 2.8% and pig 2.3%. Other products of the area include, among others, strawberry, onion, pear, spinach, citrus, tomato, cucumber, and cabbage.

05 Keeping in line with the central policy of merging primary level agricultural cooperatives, the Prefecture has attained some success - from a total of 90 cooperatives in 1992, the current number of amalgamated cooperatives is 21 (1997).

06 The Yamaguchi Prefectural Union represents the agricultural cooperatives sector in the prefecture. As compared with the previous year, the membership of the Union has shown a downward trend e.g., in 1996 there were 54 member-organisations, and in 1997 there were 42 member-organisations (77.7%). The Union had a total strength of 18 Board Members, and 55 employees. The Union is currently engaged in implementing the policy decisions taken by the 32nd prefectural congress.

07 Some of the policy decisions were relating to the following:

- Restructuring of regional agriculture and strengthening of production and marketing business;
- Implementation of integrated business activities aimed at building up a comfortable life and living standards; and
- Reform of business and organisation and the creation of firm management systems.

08 The business implementation plan of the Union covers the following segments:

- Promotion of amalgamation of JAs
- Promotion of agricultural promotion measures for restructuring of regional agriculture
- Agricultural policy activities
- Promotion of better-living activities
- Evolving a campaign for publicity and PR activities
- Upgrading of guidance for management improvement aimed at establishing a strong management system
- Improvement of capacity of officials and employees
- Act as the secretariat for officials/Board members
- General affairs.

09 To promote goodwill of JA business, the Union has developed a simple but powerful symbol - "HONEST YAMAGUCHI" or the "Smile Mark". The emblem depicts the smiling faces of consumers

surrounding the table with the products of Yamaguchi on it. The three black circles represent the producers, distributors and consumers and the entire emblem represents the relationship of the three who share the happiness that the products of Yamaguchi would bring. Since this emblem shapes the Chinese character "Yama (mountain)" of Yamaguchi, it appears to be very impressive, simple and distinct. The symbol is in deep red colour which represents the warm hearts of the three and the zeal for their eating habit and diet.

10 The policy of the **JA-Yamaguchi Chuo**, visited by the participants, reads thus: "*We, the members will make much of the heart-to-heart communication with the local residents, protect the rich nature, aim at the development of agriculture and the local community and present our opinions and put them into practice looking forward to the 21st century.*" The theme of the Cooperative is based on:

**People-Love-Green-Tomorrow-Colour.** [This means: **People-Members**, Local Residents, Local Community; **Love-Heart-to-heart** communication, Gentleness, Affluence, Relaxation; **Green-Nature**, Environment, Agriculture; **Tomorrow-Future**, Dream, Ideal, 21st Century; and **Colour-Suggestions**, Implementation, Reform and Creation.]

11 The cooperative has 15,518 members formed into 103 groups, representing 11,791 households. It has a total of 37 board members including auditors and 307 employees. Besides the main office, the JA has 14 branch offices and 2 sub-branch offices. The facilities of the JA include the following: warehouses-18, country elevator-1, vegetables and fruits collection centres including grading and packaging facilities, farm machinery/car service centres, a variety of farm machines, shops-12 units, fuel supply centres including Gas and LPG, transportation equipment of various types, ware broadcasting facilities and fax machines, and on-line business handling facilities.

12 **JA-Hokan** has 34 branches, 9 agencies and 3 sub-branches with a total membership of 26,551 regular and associate members. Main production of the JA-Hokan is: rice, barley, vegetables, flowers and oranges. Other products are: pear, dairy cattle, beef cattle and broiler.

13 **The Yamaguchi Prefectural Agricultural Experimental Station** is a government institution, established in April 1896. Its objectives include: Development of various original products suitable to the area; Production by taking advantage of favourable location including marketing techniques; Development of environment-friendly agricultural technology; and Creation of an attractive village and clarification of diversified management systems. It has a total of 66 technical experts. It offers training opportunities for farm guidance workers and other agricultural extension workers. It has its own experimental farm.

### 03 Study Visits in Iwate Prefecture

14 Iwate prefecture is in the northern part of Japan. It is known for its natural beauty and snow-covered peaks being in the close proximity of Hokkaido. It attracts a large number of tourists - mainly for skiing games. Main crops of the area include: rice, fruits and vegetables, flowers, beef-cattle, poultry and dairying. As in March 1997 there were 43 agricultural cooperatives with a total membership of 124,000 representing 109,000 households. The total number of officials/board members was 1,088 and employees 7,395 in the prefecture.

15 The Iwate Prefectural Union represents the agricultural cooperative sector with a total membership of 52 institutions as compared with the membership of 68 cooperatives in 1996. The Union has a board of 14 officials and the total staff strength is 103 employees.

16 The main objectives and business handled by the Union include the following:

- To promote the 3-year campaign to pave the way for the 21st Century;
- To promote restructuring of agriculture by taking advantage of dominant position and possibilities of Iwate prefecture;
- To create a comfortable life and local community;
- To strength the business operations of JA Group;
- To promote the amalgamation of JAs and reform of business and organisation of JA Group;
- To promote establishment of JA information network system;
- To promote education of personnel working for JA Group;
- To establish the basic policy of agriculture and rural area and formulate the national consensus;
- To evolve the active public relations activities to get the national consensus.

17 The Union organises its prefectural congress which formulate appropriate policies keeping in view the economic interests of JA and JA members.

18 The JA-Hanamaki, visited by the participants, is an amalgamated cooperative. It has impressive new and modern facilities on a new location which is convenient for business operations. It has emerged as a leading business house of the Hanamaki district.

19 The overall agricultural production in the district has been sluggish. The rice production has gone down which has created

some economic problems for the farmers as well as for the JAs. The district needs expansion and introduction of other more profitable products e.g., fruits, vegetables and flowers. The soil conditions need to be improved for new ventures.

20 The following figures give an indication of the state of main crops and livestock of the district (Figures Yen 1,000):

Products	1985	1993	1995
Rice and others	21,009	7,399	16,493
Vegetables	2,162	3,922	2,968
Fruits	1,639	2,416	2,156
Flowers	243	1,083	852
Livestock	5,791	4,288	3,822
Others	1,590	989	782
<b>TOTAL</b>	<b>32,434</b>	<b>20,088</b>	<b>27,073</b>

21 The agricultural income in 1995 decreased which forces the JAs and JA members to institute new crops and improve on soil conditions and marketing strategies.

22 The JA-Hanamaki has a total of 31,722 households out of which there are 9,273 farm households. The total population is 107,000 out of which there are roughly 8,800 core farmers. The total membership of the JA Hanamaki is 18,467. Average land holding is around 1.5 ha. Out of the total land area of 90,000 ha, just 14,230 ha is under paddy cultivation.

23 In order to support the members in their agricultural activities, the JA has a total strength of 93 farm guidance advisors, 14 better-living advisors and other expert staff, thus making a total of nearly 878 employees.

24 The JA-Hanamaki has a number of modern and very new facilities in the service of members and non-members. These include, among others, 17 branches, 25 agricultural warehouses, 51 facilities for farm guidance, purchasing and marketing activities. The JA also has a farm machinery service centre, super markets, farm chemical and implements distribution centre, modern restaurant and other facilities for the use of members. It operates elders' homes, children kindergartens and transportation services.

25 Some of the special products of the JA area include: mushroom cultivation, leaf tobacco, cereals and dairy products.

#### 04 Lessons Drawn from Study Visits

26 Some of the major impressions revolved around: i) amalgamation of primary cooperatives to make them more viable and high service-oriented; ii) improvement of marketing strategies to bring higher income to the members; iii) strong rallying role played by the prefectural unions by providing consultancy,

guidance and advisory services; iv) a reasonable working relationship between the agricultural experimental stations and the farm guidance advisors on technology; and v) encouraging new blood to enter the profession of farming.

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## SECTION - IX

### END-OF-THE-COURSE EVALUATION, SUGGESTIONS AND RECOMMENDATIONS - A Summary

#### 01 Introduction

01 An End-of-the-Course Evaluation was conducted in the last week of the 12th training course. The course was attended by 15 participants representing 10 countries. The participants had attended the training course at various locations i.e., India, the Philippines and Japan including the Home Country Assignments in their respective countries. The Course commenced in New Delhi on Monday, 20th of October 1997 with an Inaugural Address delivered by His Excellency Sakutarō Tanino, Ambassador of Japan in India. Dr Robby Tulus, ICA Regional Director for Asia and the Pacific presided over the Inaugural Session. The Course was conducted under the leadership of Mr Daman Prakash, Director at the ICA ROAP. The course was financially supported by the Government of Japan in the Ministry of Agriculture, Forestry and Fisheries. The ICA was supported by the JA-Zenchu and the IDACA in the conduct of the training programme.

02 The course was conducted with the objective of strengthening management of agricultural cooperatives by laying stress on the capacities and capabilities of managers, and through adopting a project-oriented approach. The theme of the training course was 'value addition through agro-processing'. The participants were exposed to theoretical and practical aspects of value-addition and significance of marketing.

03 Evaluation and assessment has been a continuous process during the term of the training course. However, at the termination of the training course an End-of-the-Evaluation form was specially designed and given to the participants to obtain their comprehensive reactions on the total conduct of the programme.

#### 02 Evaluation Objectives

04 The main objectives of the Evaluation were:

- i. to assess the level of understanding of various aspects brought to the participants;
- ii. to assess the utility and relevance of the training programme itself; and
- iii. to enable the ICA and the organisers to pick up ideas from the participants with a view to improve the quality of future training programmes.



05 All replies received were compiled by an Evaluation Committee consisting of two participants i.e., Mr Mohammad Ashraf from Pakistan, and Ms Estrella Hernandez of the Philippines.

### 03 Summary of the Evaluation

Given below is a brief summary of the evaluation:

06 85% of the participants' own objectives were said to be achieved. These objectives which were different from the Course objectives were stated to be as follows:

- To acquire, understand the improve knowledge, skills and techniques on the management system of agricultural cooperatives in various countries;
- To enhance knowledge on decision-making;
- To acquire skills in preparing and appraising the project.

07 From which part of the training course you have benefited the most: The replies were: Study visits, development of management leadership, preparation of project proposals, strong inputs made by IRMA, ICA ROAP and the IDACA, marketing, integrated cooperative development.

08 Overall assessment of the programme - over 80% positive rating.

09 The general impression on the total structure, contents, location and conduct was rated thus: Excellent/Very Good/Well-planned//Very well-conducted.

10 The project leadership provided spontaneous learning motivation besides looking after all the minute details regarding the time management, comfort of the participants, provision of training material and coordination.

11 Priority ranking of subjects covered during the training course was as follows:

- 01 Management Leadership
- 02 Preparation and appraisals of project proposals
- 03 Decision-making & Management Techniques
- 04 Integrated Coop Development Strategies/Value addition
- 05 Analysing (and preparing) financial statements
- 06 Skills in collecting primary data and its utilisation
- 07 Working in groups
- 08 Respecting others' points of view

12 Study visits in India, the Philippines and Japan: These were well-conducted, very helpful and supported by adequate written back-up material. 85% of the institutions selected and visited were relevant. The comparative study visits to the sugar and milk cooperatives in India were of great relevance and significance. The study visits were carefully planned and well-conducted.

"There is a lot more to learn from India and the from the Indian Cooperative Movement."

13 **Most important aspects of training programme in Japan:** Study visits, concern for the community, preparation and respect for regional agricultural plans, marketing strategies ensuring constant income for basic farmers, women's associations, farm guidance and better-living activities.

14 **Relevance of the programme to your own work:** Extremely relevant, managerial capabilities improved, agro-processing in India and Japan, micro-irrigation system, Board-member and Board-Manager relationship in enhancing cooperative business.

15 **Do you think this training programme is useful and relevant:** Yes, indeed. Highly relevant. Should be continued as it fulfils the needs of managers of agricultural cooperatives, analytical, helps improve skills in producing project proposals. It should be continued and its scope expanded.

16 Highest technical input is received from IRMA and IDACA components.

17 **The programme implementation** is in good and competent hands of Mr Prakash who has vast knowledge of the Movement and experience of working with cooperatives. He has a good understanding of the Japanese agricultural cooperatives and good professional relations with the Movements in the Region. He has provided us guidance, encouragement and technical inputs from the start to the end. All participants expressed their total satisfaction with the leadership of the ICA ROAP, IDACA and especially with Mr Abe, the programme coordinator for the Part-II of the programme held in Japan.

#### 04 **General Comments, Suggestions and Recommendations**

18 Some of the suggestions/recommendations made were:

- The duration of the programme is JUST RIGHT;
  - More of national level follow-up programmes should be organised;
  - The sponsoring organisations should provide genuine support in the project formulation and implementation;
  - Lectures at IDACA be rationalised in terms of time - but adding more subjects e.g., fisheries;
  - IRMA component should not be reduced. It is very useful. It has excellent facilities and appropriate environment for learning;
  - ICA ROAP to enlist the support of other member-organisations to enrich the contents of the programme.
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## SECTION - X

### COURSE CONCLUDING SESSION AND AWARD OF CERTIFICATES

01 The concluding session of the Twelfth Course was held in conjunction with the closing session of the 2nd Asian Top Leaders' Conference on "*Collaborative Strategies for the Development of Agricultural Cooperatives in Asia*" at the IDACA, Tokyo, on April 15 1998. The session was attended by Mr Kazuro Ashizawa, Deputy Director-International Cooperation Division of the MAFF, Dr Robby Tulus, ICA Regional Director for Asia and the Pacific, Mr Tadao Sanada, Project Expert of the Agricultural Policy Department of JA-Zenchu, Mr Yoshitada Nakaoka, Managing Director of the IDACA, and Dr Daman Prakash, Project Director of the ICA ROAP, among others.

02 Also present at the Concluding Session were the delegates of the Top Leaders' Conference (representing India, Malaysia, Myanmar and Sri Lanka) on "*Collaborative Strategies for the Development of Agricultural Cooperatives in Asia-Pacific*" which was held in Tokyo during April 13-17 1998.

03 Addressing the session, Mr Ashizawa said that the Government of Japan recognises the importance of this training course and its relevance for the development of management of agricultural cooperatives in the Region. In the present day environment of open market economy and management of food resources, agricultural cooperatives have to face forces of competition and sustain the income levels of farmer-members. In spite of the squeeze on overseas development assistance programmes, the Government of Japan recognises that the activities of the regional training project should continue to safeguard the initiatives of grass-roots farmer-members and their cooperative institutions.

04 He was happy that the participants have learnt a great deal from their participation in the training programme and hoped that they will contribute effectively to the development of their own organisations. He was satisfied that the ICA has been able to implement the training programme efficiently. Mr Ashizawa felt encouraged that several of the project proposals produced by the participants during previous courses have been considered fit for implementation. Such a trend is a good source of strength for the training project.

05 Mr Ashizawa said that he was new to the management of this project and he would try to learn from the experiences of the ICA ROAP, IDACA and the participants about the importance of this type of technical training. His participation in the deliberations of the top leaders' conference and this session has helped him learn many new things. He said that he would try his best to support this activity during the term of his office.

06 Mr Tadao Sanada conveying the greetings of the JA-Zenchu said the ICA has been provided full support in the implementation of MAFF-funded training programmes, and assured that the JA-Zenchu would continue to do so even in the future.

07 Dr Robby Tulus, ICA Regional Director said that he felt greatly encouraged through his participation in the top level conference as well as in the last part of the training course. He mentioned that the ICA has now been trying to explain to the cooperative leaders in the Region the trends in development of ICA work programmes, the challenges faced by the ICA, and the needs of the Movement in the Region. He said that during these two weeks there will be important activities of the ICA in Tokyo - first, this training course and the top leaders' conference and the ICA Board Meeting which will be held at the invitation of our member-organisations.

08 Dr Robby Tulus conveyed the appreciation of the ICA to the MAFF-Government of Japan for providing financial support to the regional training project and hoped that in view of the current open market environment, agricultural cooperatives would continue to receive such an assistance in future too. He, however, mentioned that in view of the current policies of the Government of Japan, the ICA might get a reduced level of financial support to run this training course. He said that in consultation with the MAFF, IDACA and the JA-Zenchu, the ICA would like to review and revise the contents and duration of the training programme but without comprising on its quality.

09 He assured the MAFF, JA-Zenchu and the IDACA that the ICA would ensure that the regional project is conducted in a professional manner. Dr Prakash has rich experience in the field of extension, staff training and management of rural institutions. He felt satisfied that he has been able to manage the programme to the entire satisfaction not only of the ICA, but also of the MAFF, JA-Zenchu and the IDACA. He thanked the JA-Zenchu and the IDACA for their continued support and collaboration in carrying out several of the ICA's technical assistance programmes in the Region.

10 Dr Daman Prakash, Project Director, reported on the performance of the training course, and presented a brief summary of the End-of-the-Course Evaluation. He expressed his gratitude to Dr Robby Tulus that he, inspite of his heavy personal and professional engagements, was able to positively respond to his invitation to be with the Conference and the training programme. He congratulated the participants on their completing the training programme successfully.

11 He conveyed his highest appreciation to the participants for cooperating with him in the day-to-day conduct of the training programme. He said that the success of the training programme is due to the understanding of the participants, collaborating agencies and the authorities of the ICA. If there has been any flaw anywhere, it was due to him, he said. He thanked the MAFF, JA-Zenchu, IDACA, ICA member-organisations, and institutions

which provided support to the successful implementation of the long-term training programme.

12 Dr Prakash made a special mention of Ms Ratre Prumitanon, Cooperative Technician in the Agricultural Cooperative Division of the Cooperative Promotion Department of the Government of Thailand, who was selected by JICA for training in agricultural cooperatives in Japan. The JICA had seconded Ms Ratre to the IDACA. The IDACA had included her to participate in the 12th Course, Part-II programme, for its full duration.

13 Mr Yoshitada Nakaoka expressed his happiness that the top leaders of sponsoring organisations attending the 2nd top leaders' conference, like the leaders attending the first conference last year, have seen for themselves the work of the training project and exchanged notes with the participants of the 12th Course, and made valuable suggestions for the future development of ICA and IDACA training programmes. It was a joint exercise between the ICA and the IDACA that a high level evaluation, second in succession, of the regional project has been carried out together with the MAFF and JA-Zenchu representatives. He indicated that such evaluation meetings produce a good number of suggestions and ideas.

14 The **Certificates of Participation** from the ICA as well as from the IDACA were awarded to the participants at the end of the concluding session. The ICA Certificate was signed by Mr Bruce Thordarson, Director-General of the International Cooperative Alliance, and the IDACA Certificate was signed by Mr Yoshitada Nakaoka, Managing Director.

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## ANNEXE - I

### COURSE PROGRAMME

Part-I of the Training Course in India covering Review of Agricultural Cooperative Development in Participating Countries, Management Modules and Study Visits in India

Oct 18 1997	Sat		Arrivals in New Delhi.
Oct 19 1997	Sun		Stay at Vikram Hotel, New Delhi.
Oct 20	Mon	1100	Inaugural Session at ICA ROAP, Bonow House, 43 Friends Colony.
		AN	Introduction to the International Cooperative Alliance and its Regional Office for Asia and the Pacific (ICA ROAP) by Dr Daman Prakash, Project Director
			Working Methods and Practical Matters. by Dr Daman Prakash
Oct 21	Tue	FN	Presentation of Country Papers.
		AN	Cooperative Legislation in Asia Pacific - A Review and its Relevance to Agricultural Cooperatives in the Region by Mr G.K. Sharma, former Regional Director of ICA ROAP
			ICA Welcome Dinner at Bonow House.
Oct 22	Wed		Presentation of Country Papers
Oct 23	Thu	FN	Introduction to India, The Economy and the Indian Cooperative Movement by Mr BD Sharma, Chief Executive National Cooperative Union of India
		AN	Presentation of Country Papers (contd)
Oct 24	Fri		Presentation of Country Papers (contd)
Oct 25	Sat		Visit to IFFCO's Marketing Development Institute, Gurgaon (including visit to an IFFCO-Village). Full Day Programme
Oct 26	Sun		Visit to Agra. <b>Taj Mahal</b>
Oct 27	Mon		Presentation of Country Papers (contd)
Oct 28	Tue	FN	Visit to National Cooperative Union of India (NCUI), New Delhi

		AN	Presentation of Country Papers (contd)
Oct 29	Wed	FN	Presentation of Country Papers (contd)
		AN	Visit to National Agricultural Cooperative Marketing Federation of India-NAFED
Oct 30	Thu		Free. Diwali Festival. Holiday
Oct 31	Fri		Local sightseeing in Delhi.
Nov 01	Sat		Preparations for departure for Ahmedabad/IRMA. Free for packing etc.
Nov 02	Sun		Leave for Ahmedabad by Jet Air flight 9W-701 at 0620/0745 hrs.
Nov 03- Dec 05	Mon- Fri		<b>ICA-IRMA MODULES ON MANAGEMENT PRINCIPLES, METHODS AND TECHNIQUES WITH SPECIAL REFERENCE TO MANAGEMENT LEADERSHIP DEVELOPMENT IN AGRICULTURAL COOPERATIVES IN ASIA, INCLUDING STUDY VISITS IN GUJARAT STATE.</b> (Detailed Programme to be supplied by IRMA)  Stay at IRMA ETDC Hostel.
Dec 06- Dec 19	Sat- Fri		Comparative Study Visits in Maharashtra State including Workshop at the VAMNICOM.
Dec 06	Sat		Leave for Mumbai (Bombay) by Jet Air flight 9W-322 - 0720/0820 hrs. Stay at Hotel Heritage, Bombay
Dec 07	Sun		Local sightseeing in Bombay
Dec 08	Mon	FN	Visit to Maharashtra State Cooperative Bank Limited, Bombay
		AN	Leave by bus for Pune. Stay at VAMNICOM Hostel, Pune
Dec 09	Tue	FN	Formal Opening at VAMNICOM
		AN	Orientation/discussion on the programme
Dec 10	Wed	FN	Lv for Kolhapur by bus Stay at Pearl Hotel, Kolhapur
		AN	Visit Shetkari Sahakari Sangh (Cooperative Marketing Union) & Janata Bazaar, Kolhapur
Dec 11	Thu		Visit Warananagar Coop Sugar Complex.
Dec 12	Fri	FN	Visit Kolhapur Central Cooperative Bank Ltd.
		AN	Return to Pune. Stay at VAMNICOM Hostel.



Dec 13- Dec 18	Sat- Thu		<b>Workshop on Agro-Processing, Cooperative Marketing of Agricultural Produce and Case Writing Methods and Techniques</b>
Dec 13	Sat	FN	-Formal Opening of the Workshop,  -Introductions to: VAMNICOM & CICTAB (Vaikunth Mehta National Institute for Cooperative Management and the Centre for International Cooperative Training and Agricultural Banking)
		AN	Identifying Basic Values and Principles of Cooperation Promotion, Development and Financing of Agricultural Credit Sector - Role of NABARD
Dec 14	Sun		Free. Karla Caves and Khandala area.
Dec 15	Mon		Essential Aspects of Management -Case Writing and Presentation of Management Cases. Discussion from Teachers' and Learners' Points of View
Dec 16	Tue		Cooperative Development in India -Progress, Problems and Prospects Human Resource Development for Agricultural Cooperatives  Strategic Management Approach in the Management of Cooperatives
Dec 17	Wed		Management Case Discussion as a Technique of Training  Visit IFFCO's Micro Irrigation System-MIS  Study Visit to Maharashtra State Cooperative Union Limited, Pune
Dec 18	Thu	FN	Value Addition Activities in Agro-Processing Sector (with special reference to India)  Non-Farm Activities Financing by Agricultural Credit Cooperatives
		AN	Women's Participation in Agricultural Cooperatives Farm Guidance and other Services by Agricultural Cooperatives
Dec 19	Fri	FN	Wrap-up Session  <b>ICA Farewell Dinner</b>
Dec 20	Sat	FN	Visit to the Agricultural Produce Marketing Committee, Pune

		AN	Lv Pune for Delhi by IC-850 - 1845/2045 Stay at Vikram Hotel, New Delhi
Dec 21	Sun		Free
Dec 22	Mon		Wrap-Up Session at ICA ROAP New Delhi  ICA Farewell Dinner
Dec 23	Tue	FN	Wrap-up Session (contd).
		AN	Free for Packing etc. Preparations for departures for Home Countries.
Dec 24	Wed		Departures for Home Country Assignments.
Dec 25, 1997-Thu Feb 09, 1998 Mon			<b>"HOME COUNTRY ASSIGNMENTS" FOR PREPARATION OF DEVELOPMENT PROJECT PROPOSALS BY PARTICIPANTS IN THEIR HOME COUNTRIES.</b>
Feb 10-Tue- Feb 22 Sun			<b>COMPARATIVE STUDY VISITS PROGRAMME IN THE PHILIPPINES AND 8TH NATIONAL FOLLOW-UP AND REVIEW WORKSHOP OF FORMER PARTICIPANTS ON "MANAGEMENT OF AGRICULTURAL COOPERATIVES IN THE PHILIPPINES"</b>
Feb 10	Tue		-Arrival of Participants in Manila. -Stay at Garden Plaza Hotel, 1030 Belen Street, Paco, Manila
Feb 11	Wed		[All former ICA-Japan participants from the Philippines join the 12th Course Participants and participate in the 8th Follow-up and Review Workshop]
		FN	Briefing at Cooperative Union of the Philippines, CUP Building, Quezon City  Briefing at the Cooperative Development Authority (CDA), Quezon City
		AN	Proceed to Malacanang Presidential Palace - Tour of the Presidential Palace  - Dinner hosted by CDA
Feb 12	Thu		<b>8th ICA-Japan National Follow-up and Review Workshop on "Management of Agricultural Cooperatives in the Philippines".</b> Venue: Garden Plaza Hotel  - Arrivals and Registration - Opening Ceremonies - Invocation - Philippines National Anthem - Welcome Address

- Messages
- Review of Agricultural Cooperatives in the Philippines
- Future Directions of the Philippines Cooperative Movement
- Open Forum

AN Status Reports on the Projects submitted to the ICA by the former Participants

Suggestions and Recommendations for the Improvement of the ICA ROAP programmes

- Dinner hosted by the CUP

Feb 13 Fri FN Departure for Baguio (bus journey 8 hrs)  
Check-in at Baguio Travel Lodge, Baguio City

AN Visit and briefing at Bahong Multipurpose Cooperative, La Trinidad, Benguet

Courtesy Call at the CDA Cordillera Administrative Regional Office

Feb 14 Sat FN Observe Philippines Military Academy Parade  
Visit and Briefing at Baguio Benguet Community Credit Cooperative (BBCCC)

AN Visit to Cooperative Bank

Visit Bad-ayan Buguias Development Cooperative, Bot-o-an, Buguias, Benguet

Visit to Vegetable Trading Post

Visit Benguet State University, and Briefing on Cooperative Bank of Benguet

Dinner/Cultural Presentation hosted by the Cooperative Bank of Benguet, and Benguet State University

Feb 15 Sun FN Departure for Atok, Benguet

Briefing at Atok (Sayangan) Multipurpose Cooperative, Sayangan, Paoay, Atok, Benguet

AN Leave Atok for Baguio City

Tour of Baguio City

Feb 16 Mon FN Leave Baguio City for Los Banos, Laguna

AN Visit and Courtesy Call at the CDA Calamba Extension Office

		AN	Check-in at Continuing Education Centre (CEC), University of the Philippines Los Banos, College, Laguna
Feb 17	Tue	FN	Visit Agricultural Credit and Cooperative Institute (ACCI)/UP, College. Laguna  Briefing at the International Rice Research Institute (IRRI)
		AN	Departure for Silang, Cavite  Visit and Briefing at Cavite Farmers' Feedmilling and Marketing Cooperative  Leave Silang for Tagaytay City  Dinner at Taal Vista Hotel
Feb 18	Wed	FN	Proceed to Batangas City  Briefing at Sorosoro Ibaba Development Cooperative
		AN	Proceed to Lipa City, Batangas Briefing at LIMCOMA Multipurpose Coop  Check-in at San Pablo City Hotel
Feb 19	Thu	FN	Check-out and Proceed to Tiaong, Quezon Visit and tour of Villa Escudero premises Proceed to Quezon City
		5.00 pm	Briefing at National Confederation of Cooperatives Inc), NATCCO, 227 J.P. Rizal Street, Project 4, Quezon City
		7.00 pm	Dinner hosted by NATCCO
Feb 20	Fri		Wrap-up Session at Garden Plaza Hotel  Dinner hosted by the ICA ROAP
Feb 21	Sat		Manila Sightseeing. Open
Feb 22	Sun		- Departure for Tokyo by Northwest Airlines - Arrival at Narita Airport, Tokyo
 <b>PART-II OF TRAINING COURSE AT IDACA, TOKYO. MANAGEMENT PRACTICES ADOPTED BY THE AGRICULTURAL COOPERATIVES IN JAPAN WITH SPECIAL REFERENCE TO "VALUE ADDITION THROUGH AGRO-PROCESSING" AND STUDY VISITS TO AGRICULTURAL COOPERATIVES IN JAPAN</b>			
Feb 22	Sun		Arrivals in Tokyo from Manila. Transfer to IDACA Hostel.

Feb 23	Mon	FN AN	Inaugural Session and Orientation Project Appraisal Session
Feb 24	Tue		Project Appraisal Session
Feb 25	Wed		Project Appraisal Session
Feb 26	Thu		Project Appraisal Session
Feb 27	Fri		Project Appraisal Session
Feb 28	Sat		Project Appraisal Session
Mar 01	Sun		Free
Mar 02	Mon		Project Appraisal Session
Mar 03	Tue		Project Appraisal Session
Mar 04	Wed		Project Appraisal Session Concluding Comments by Resource Persons
Mar 05	Thu	FN AN	Japanese Culture, Economy and Society Agriculture in Japan
Mar 06	Fri		Organisation and Business of JA (JA=Japanese Agricultural Cooperatives)
Mar 07	Sat		Sightseeing in Tokyo
Mar 08	Sun		Free
Mar 09	Mon		Marketing Business of JA
Mar 10	Tue		Purchasing Business of JA
Mar 11	Wed		Farm Guidance Activities of JA
Mar 12	Thu		Credit Business of JA
Mar 13	Fri	FN AN	Mutual Insurance Business of JA Visit to JA-Tsukui-Gun
Mar 14	Sat		Group discussions
Mar 15	Sun		Free
Mar 16	Mon		Lv for Yamaguchi Prefecture for Study Visits
Mar 17	Tue		Visit to Yamaguchi Prefectural Union and Facilities of JA-Economic Federation
Mar 18	Wed		Visit to JA-Yamaguchi Chuo
Mar 19	Thu		Visit to JA-Hokan
Mar 20	Fri		Sightseeing in Yamaguchi Prefecture
Mar 21	Sat		Lv Yamaguchi for Tokyo
Mar 22	Sun		Free
Mar 23	Mon		Summing of Study Visits
Mar 24	Tue		Publicity and Women's Associations of JA
Mar 25	Wed		Visit to National Agricultural Cooperative Organisations in Tokyo.
Mar 26	Thu		Historical Development of Village Industry in Japan
Mar 27	Fri		Processing Business of JA Agri-Crop Insurance System

Mar 28	Sat	Group Discussions
Mar 29	Sun	Free
Mar 30	Mon	Exercises on Regional Agricultural Promotion Plan (RAAP) of JAS
Mar 31	Tue	Exercises on RAAP (contd.)
Apr 01	Wed	Visit to the Ota Wholesale Market, Tokyo
Apr 02	Thu	History of Agricultural Extension Service
Apr 03	Fri	Education Activities of JAS
Apr 04	Sat	Group Discussions
Apr 05	Sun	Free
Apr 06	Mon	Lv for Iwate Prefecture for Study Visits
Apr 07	Tue	Visit to JA-Iwate Prefectural Union and Facilities of JA-Economic Federation
Apr 08	Wed	Visit to JA-Iwate Hanamaki
Apr 09	Thu	-Visit to Farmer's Farm, Farmer's Home -JA-Hanamaki Elders' Home -JA-Hanamaki Children Kindergarten
Apr 10	Fri	Local Study Visits in Iwate/Iwate-APPI Area
Apr 11	Sat	Lv Iwate for Tokyo
Apr 12	Sun	Free
Apr 13	Mon	Visit to National Cooperative Federations
Apr 14- Apr 15	Tue- Wed	<b>Attend 2nd Asian Conference of Top Leaders on Collaborative Strategies for the Development of Agricultural Cooperatives in Asia - Evaluation Meeting</b>
Apr 16	Thu	Preparations for Departure for Home Countries
Apr 17	Fri	Departures for Home Countries.

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## ANNEXE - I I

### COURSE PARTICIPANTS

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-



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India - Philippines - Japan. October 20, 1997 - April 23, 1998



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The **INTERNATIONAL COOPERATIVE ALLIANCE (ICA)** is a worldwide confederation of cooperative organisations of all types. Founded in London on 18th August 1895, the ICA has affiliates in 95 countries with 230 national and 7 international level organisations as members serving over 835 million individual members worldwide.

The ICA Regional Office for Asia and the Pacific (ICA ROAP) serves 62 national level organisations from 28 countries, and one international organisation (ACCU), representing nearly 500 million individual cooperators. Main activities include: Coordination of cooperative development efforts within the Region and promotion of exchanges and experiences; Project identification, formulation and evaluation; promotion of establishment and development of national cooperative apex organisations; and Organisation of seminars and conferences on specific subjects including support for programmes aimed at the involvement of women and youth in cooperative activities.

The ICA enjoys Category-I Consultative Status with the United Nations Economic and Social Council (UN/ECOSOC) and has



active working relations with UN and other international organisations.



The **INSTITUTE FOR THE DEVELOPMENT OF AGRICULTURAL COOPERATION IN ASIA (IDACA)** was established on July 8 1963, by the Central Union of Agricultural Cooperatives of Japan (JA-Zenchu), with funds raised from among agricultural cooperatives in Japan and with the support of the Government of Japan.

The Institute, established on the basis of recommendations of the First Asian Agricultural Cooperative Conference, held in Tokyo in April 1962, imparts training to overseas agricultural cooperators as part of its international cooperative projects and has assumed the role of a survey and research organisation.

During the last 30 years, the IDACA has trained more than 3000 participants from different countries of Asia, Latin America and Africa. It has active collaboration on technical assistance programmes with the ICA and its Regional Office for Asia and the Pacific.

The **INSTITUTE OF RURAL MANAGEMENT, ANAND (IRMA)**, was established in 1979 at Anand, Gujarat State, India. Beginning with providing management training and research support to the cooperatives in the dairy sector, the IRMA currently extends its services to a wide variety of organisations; cooperatives in oilseeds, fruits and vegetables, credit, sugar, handlooms, and handicraft sectors; voluntary/non-governmental agencies; and governmental and other bodies. The core of IRMA's operating philosophy is that the partnership between rural people and committed professional managers is the basis of sustainable rural development. It offers a variety of training programmes i.e. two-year post-graduate programme in Rural Management; one-year programme; six-week programme on management of agricultural cooperatives in developing countries; six-week management appreciation programme for voluntary organisations and a variety of workshops and seminars for cooperatives and rural institutions.



## SECTION - XI

ICA/JA-ZENCHU/IDACA Second Asian Top Leaders' Conference on  
"COLLABORATIVE STRATEGIES FOR THE DEVELOPMENT OF AGRICULTURAL  
COOPERATIVES IN ASIA" Tokyo, Japan. April 13-17 1998

### Introduction

01 The ICA Regional Office for Asia and the Pacific and the IDACA, in the past, have been carrying out evaluation exercises of the ICA-Japan Agricoops Management Training Project for Asia through correspondence, field contacts and national follow-up and review workshops. The project participants of 12 courses (participated by 13 countries) have produced 177 project proposals as a part of their training. Several of these proposals have been implemented in various countries. It was found that a lot depended on the organisational support to implement such project proposals.

02 It is in this context that the ICA ROAP and the IDACA have decided to organise an **Evaluation Session** with the chief executives of the sponsoring organisations in Asia. The first Conference was held in Japan during April 14-19 1997 which was attended by top leaders representing China, Indonesia, Republic of Korea, the Philippines, Thailand and Vietnam. A **resolution adopted unanimously by the first Conference is enclosed herewith for reference.**

03 This second Conference was organised during April 13-17 1998. Representatives from India, Malaysia, Myanmar, Pakistan and Sri Lanka attended the Conference.

### Conference Objectives

04 The Conference objectives were as follows:

- i. To review the project proposals developed by the ICA-Japan training courses from the participating countries with a view to identify common problems and their possible solutions;
- ii. To discuss strategies for the development of agricultural cooperatives and adopt a common development policy;
- iii. To exchange views with the Japanese governmental development agencies, JA-Zenchu, IDACA and the ICA as to the relevance and continuation of such assistance.

05 A copy of the Resolution unanimously adopted by the Second Asian Conference is **also attached.**

RESOLUTION UNANIMOUSLY ADOPTED BY THE FIRST ASIAN CONFERENCE ON  
"COLLABORATIVE STRATEGIES FOR THE DEVELOPMENT OF AGRICULTURAL  
COOPERATIVES IN ASIA-PACIFIC" AT ITS SESSION HELD ON APRIL 18  
1997 AT TOKYO, JAPAN

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**RESOLUTION - ONE**  
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- 01 A Top Leaders' Conference on Collaborative Strategies for the Development of Agricultural Cooperatives in Asia-Pacific was jointly organised by the International Cooperative Alliance Regional Office for Asia and the Pacific, New Delhi (ICA ROAP), the JA-Zenchu (the Central Union of Agricultural Cooperatives of Japan), and the IDACA (the Institute for the Development of Agricultural Cooperation in Asia-Japan), at Tokyo, Japan, April 14-19 1997.
- 02 The Conference was attended by seven top-level leaders representing China, Indonesia, Republic of Korea, the Philippines, Thailand and Vietnam. Participants of the 11th ICA/Japan Training Course on **Strengthening Management of Agricultural Cooperatives in Asia** representing 10 countries i.e., Bangladesh, China, India, Indonesia, Malaysia, Myanmar, Pakistan, the Philippines, Sri Lanka and Vietnam also attended the Conference. Senior level leaders representing the organisers and supporting agencies who delivered their inaugural addresses included: Mr Toru Shimizu, Director of Technical Cooperation Division-MAFF, Mr Hiroshi Kohno, Managing Director of JA-Zenchu, Mr Kazuyuki Tsurumi, Managing Director, Agriculture, Forestry and Fisheries Development Study Department of JICA, and Mr G.K. Sharma, Special Advisor to the ICA Director-General (and former ICA Regional Director).
- 03 The Conference was hosted by the IDACA and held at the MAFF Annexe building in down-town Tokyo. A familiarisation field study visit to JA-Isehara in Kanagawa prefecture was organised for the delegates. The Conference was jointly coordinated by Mr Yoshitada Nakaoka, IDACA Managing Director and Mr Daman Prakash, Project Director of ICA ROAP.
- 04 The Conference took note of the development work done by the ICA ROAP and the IDACA in the field of agricultural cooperatives, especially through the ICA/Japan long-term regional training project on **Strengthening Management of Agricultural Cooperatives in Asia**. The Conference, having reviewed the various parameters for the success of the long-term regional training programme, took note with appreciation of a high number of implementation of several of the development project proposals which were prepared by the participants. The Conference recognised that the implementation of project proposals was not the only parameter of the success of the regional project, there were others, such as, devoted leadership among beneficiary organisations, resourcefulness of the participants themselves, financial capacity of the user-organisations etc. The non-

implementation of project proposals could be due to several factors e.g., financial constraints, organisational problems, technical inadequacies in the construction of project proposals, transfer of the participants, non-priority subject etc. The Conference appreciated the uniqueness and strong technical inputs of the regional project and stressed that not only the project be continued for some more time but also the project proposal preparation and appraisal skills be improved further, and also to replicate similar programmes at the national level by making use of the trained officials (former participants).

05 The Conference took note of the developments in participating countries especially with regard to food security, facing the forces of open market economy, increase in agricultural products to meet the demands of the growing population, making farm products environment-friendly, and providing greater marketing opportunities to the farm-producers. The Conference impressed upon the agricultural cooperatives to diversify their business operations and make an increasing use of locally-available raw materials, resources and expertise. The experiences of the Japanese Agricultural Cooperative Movement, especially in amalgamation process, agro-processing, farm guidance, farm planning, better-living activities, management practices, women's associations, and development of agribusiness were considered by the Conference as relevant for the developing movements in the Region.

06 Taking note of the historical development of Movement-owned specialised institutions like the IDACA, and its close working relationship with the ICA ROAP and other regional and international organisations, the Conference appreciated its role in improving the quality of cooperative personnel and leaders through the provision of exposure programmes, training programmes and exchange of information. The Conference suggested that the IDACA, in association with its development partners, offers more practical and result-oriented programmes with the financial support of the MAFF and from other sources.

07 The Conference recognised the unique character of the International Cooperative Alliance as a non-governmental international organisation which has close relationship with agricultural cooperatives and understands their accomplishments and problems. In the Asia-Pacific Region, the ICA enjoys acceptability and respect among agricultural cooperative institutions through the network of its member-organisations in 26 Asia-Pacific countries.

08 The Conference made the following recommendations:

8.1 The Conference recognised the role of the International Cooperative Alliance, a non-governmental international association of cooperatives of all types, which has an intimate knowledge of the achievements and problems of agricultural cooperatives. The Conference places on record its highest appreciation of the MAFF for having placed its confidence in the ICA in implementing the regional project

and the JA-Zenchu and the IDACA for having extended their full cooperation and collaboration to the ICA.

- 8.2 The Conference having taken note of the growing population, need to ensure food security, increasing demand for safe and healthy farm products, and encounter with the forces of open market economy pressures, recommended that intensive efforts be made by the ICA to expand and suitably enrich their development efforts by making its agricultural cooperative training and development programmes more result-oriented. For this purpose assistance of funding and collaborating agencies e.g., the MAFF, JA-Zenchu, IDACA and others be solicited in carrying out field studies and training programmes at regional and local levels.
- 8.3 In view of the presence of a large number of managers of agricultural cooperatives in the Region and lack of training opportunities of this kind available to them, the Conference recognised the implementation of the ICA-Japan regional training project as most relevant, logical and useful, which has so far tried to produce quality managers. The Conference expressed its gratitude to the MAFF for having financially supported this training programme so far, and requests that the regional training project be continued to strengthen further the management of agricultural cooperatives in the Region.
- 8.4 The ICA ROAP together with the IDACA should persuade the MAFF to not only continue the regional project but also to increase the number of participant-intake with a corresponding increase in financial support;
- 8.5 The ICA ROAP together with the IDACA should persuade the MAFF and other funding agencies to help establish national level training and development network on a replication basis through using the trained personnel;
- 8.6 The funding agencies together with the collaborating organisations to strengthen agricultural cooperatives by identifying the critical needs through field studies, surveys, exposure of leaders/chief executives to developed/developing situations, exhibitions, meetings and conferences. The follow-up of the recommendations of the 4th ICA Cooperative Ministers' Conference held in Thailand, March 1997, merit an immediate attention;
- 8.7 The sponsoring organisations to ensure that right candidates are sponsored for training at the regional project, and given full facilities and support in developing their project proposals in conformity with their defined development objectives and priorities. The Conference strongly recommended that the project proposals should be considered at the highest level within their organisations, before the trainees return for appraisal sessions after their Home Country assignments;



- 8.8 The project proposals should have the benefit of advice, comments, guidance and some organisational commitments which could help in their implementation subsequently;
- 8.9 The Conference recommended that financial resources at the local level be mobilised or set aside by sponsoring organisations for holding national level training programmes for managers of agricultural cooperatives, and the ICA and the IDACA to supplement these efforts through technical expertise and training materials etc.
- 09 The Conference expressed its thanks to the ICA ROAP, IDACA, JA-Zenchu and the MAFF for organising the Conference and facilitating its work. The Conference viewed such meetings useful and relevant and should be conducted more frequently to enrich the contents and purpose of the regional training project. Such Conferences were viewed as strong feed-back factors for the ICA and the IDACA.
- 10 The Conference hereby adopts the Resolution unanimously, and requests the organisers that its contents be made known to all the user-organisations in the Region.
-



RESOLUTION OF THE ICA/JA-ZENCHU/IDACA SECOND ASIAN TOP LEADERS' CONFERENCE ON **COLLABORATIVE STRATEGIES FOR THE DEVELOPMENT OF AGRICULTURAL COOPERATIVES IN ASIA-PACIFIC.**

Tokyo, Japan. April 13-17 1998

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**RESOLUTION - TWO**  
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01 The Second Asian Top Leaders' Conference on **Collaborative Strategies for the Development of Agricultural Cooperatives in Asia**, jointly organised by the ICA ROAP, JA-Zenchu and the IDACA, was held in Tokyo, Japan, April 13-17 1998. The Conference was attended by representatives of India, Malaysia, Myanmar and Sri Lanka, and the participants of the 12th ICA-Japan Training Course on Strengthening Management of Agricultural Cooperatives. The Conference was also attended by Dr Robby Tulus, ICA Regional Director for Asia and the Pacific.

02 The Conference took note of the resolution adopted by the first Asian Conference, the Conference Documentation explaining the conduct of the ICA-Japan training courses, and the financial contribution to the programme provided by the Ministry of Agriculture, Forestry and Fisheries of the Government of Japan. The collaborative arrangements between the ICA and the JA-Zenchu/IDACA to conduct the course and other agricultural cooperative activities were also taken into consideration.

03 In the light of the above, and the discussions which had taken place during the working sessions, the Conference adopted unanimously the following recommendations:

i. The contents and format of the training programme have been of high quality and have been well-recognised by the user-organisations and the participants. The Conference strongly recommends that the financial assistance of the Government of Japan for this programme be continued, and the scope of the project be further expanded;

ii. The Conference strongly urged the user-organisations/sponsoring organisations to document the progress of the project proposals produced by their nominees, critically evaluate the pros and cons of the project proposals, and provide strong support to implement these proposals, with modifications, if necessary;

iii. The Conference suggested to the ICA ROAP and IDACA to realign and redesign the contents and duration of the training programme without compromising its quality to attract more suitable candidates to participate in the future training courses, and, if possible, carry out discussions with the user-organisations to pre-select the participants. The Conference also urged the user-organisations to outline their expectations of

their candidates from the training course e.g., project proposals;

iv. The Conference taking note of the high quality of the training imparted, strongly recommended that the user-organisations come forward to be increasingly involved to consider the increase of counterpart contributions in view of the anticipated budget cuts which the Government of Japan proposes to introduce effective 1998;

v. In view of the importance of agricultural cooperatives to meet the challenges of free market competition and to ensure food security, the Conference strongly urged the user-organisations to strengthen the business management aspects of such cooperatives, and for this purpose, enlist the collaboration of other international and national organisations by using the ICA and IDACA network;

vi. The Conference placed on record with high appreciation the role played by the ICA Regional Office and the IDACA in the development of agricultural cooperatives in Asia, and recommended that more active contacts be established to identify common problems and their possible solutions.

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## **Developing ‘JA-Farmers’ Markets’ in Japan**

At the 20th National Congress of Agricultural Cooperatives held in 1994, the JA Group adopted a resolution to promote the production, distribution and marketing of agricultural products within each of the JA areas. Recently, some JA members have had great success in establishing **Farmers’ Markets** which sell their produce directly to the consumers. These large, permanent shops are managed by cooperatives and are helping to renew the traditional images of direct outlets for agricultural products.

Farmers’ Markets offer a wide range of agricultural products and give farmers the opportunity to sell privately grown produce and products that are unsaleable at retail stores. Farmers’ Markets have also attracted attention because they provide the elderly and housewives in farm communities with a sense of purpose. Farmers’ Markets are expected to strengthen the relationship between farmers and JA; and these markets will increase JA’s revenues.

### **Establishing Strategic Points to Survive Free Competition**

The Japanese agricultural market has entered an era of free international competition, as evidenced by increasing imports of agricultural products and deregulation of the rice distribution system.

The current environment, however, is unfavourable to both local agriculture and JA. Farm size has grown slowly, while efforts to reduce costs have been difficult. At the same time, it is unclear whether there will be an adequate supply of labour for agriculture in the future because of the aging of the workforce and the problems farmers face in finding successors to take over their farms when they retire. The JA Group has struggled to resolve these problems, but the unity of its members has gradually been weakened. The JA Group is thus facing a serious challenge to its management. Farmers’ Markets are one effective way of meeting this challenge.

### **I. Principles of Local Distribution, Permanent Facilities and Direct Management by JA**

Farmers’ Markets are more than just direct outlets for agricultural products. They are strategic points that activate local agriculture and strengthen the unity of JA members. To establish Farmers’ Markets, it is necessary to meet several basic conditions:

A. Direct marketing of local agricultural products to consumers. Direct marketing reduces distribution costs, which are a major factor in raising the retail price of agricultural products. By lowering such costs, both producers and consumers benefit.

B. Establishment of permanent Farmers’ Markets. Farmers’ Markets require sophisticated organisational and management skills so as to provide a wide range of products throughout the year. Permanent facilities are indispensable to winning consumer trust and to increasing the market share of Farmers’ Markets.

C. Establishment and Management of Farmers' Markets by JA. Individual Farmers' Markets can be managed by group of farmers or municipalities, but to develop them into strategic points of JA's comprehensive business expansion, we must make the best use of the JA Group's agricultural, life-style improvement, community development and financial know-how, as well as its vast resources and networks.

## **II. Creating Greater Value in Agricultural Products**

It is highly desirable to create added value for local agricultural products sold at Farmers' Markets. For example, the freshness of the vegetables harvested in the morning and brought to market the same day and the sense of assurance that customers get from face-to-face contact with growers are sources of added value unique to local distribution. Processing agricultural products is another means of adding value. Restaurants are another area of potential growth. By taking advantage of local agricultural products, steak restaurants, barbecue pits, herbal cafes and other restaurants can dramatically raise the value of local products, thereby increasing profits.

## **III. Utilising the skills of Women and the Elderly**

Women and the elderly are expected to provide the bulk of the staff for Farmers' Markets. Farmers' housewives working part-time and the growing numbers of senior citizens in farming communities will be organised into "shipping groups" or "processing and restaurant groups". According to their physical strength and abilities, they can operate small farms, process agricultural products, or manage restaurants. With JA Farmers' Markets serving as a base, housewives and the elderly will be able to sell a variety of agricultural products in small quantities and products that they process themselves; they can also manage restaurants. Farmers' Markets will meet the needs of consumers, who demand freshness, a sense of assurance and safety. We thus believe these markets will prove very popular with consumers. In addition, the markets will provide a stable income to women and the elderly, together with healthy, camaraderie and a sense of purpose for those who run them. This will restore trust in JA and the unity of its members.

## **IV. Creating an Awareness of Marketing**

At Farmers' Markets, each farmer is responsible for shipping, pricing and displaying his own products. In principle, the JA does not regulate production or the shipment of products to Farmers' Markets.

Farmers must understand consumer needs if they are to survive in a competitive market. They must understand marketing and be able to respond to those needs. Farmers' Markets are a practical training ground for the development of these skills, transforming farmers from "people who sell what they produce", to "people who produce what can be sold".

*- Reproduced from JA-Zenchu News.  
No. 11. March 1997 Issue*



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## **THE COOPERATIVE IDENTITY**

*[The ICA General Assembly held on 23rd September 1995 in Manchester, adopted the new Principles of Cooperation recommended by the ICA Board of Directors and the ICA Congress after global study and review by a committee headed by Prof Ian McPherson from Canada. The process started with a paper presented by Lars Marcus the then President of the ICA at the Congress held in 1988 at Stockholm. Sven Ake Book, a cooperative specialist from Sweden was detailed to undertake a research into Cooperative Values and Principles in the context of modern global environment of cooperatives who presented his report to the ICA Congress held in Tokyo in 1992. The General Assembly appointed a committee, headed by Prof Ian McPherson for a review of the Cooperative Principles.]*

### **DEFINITION**

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

### **VALUES**

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

### **THE PRINCIPLES OF COOPERATION**

The Cooperative Principles are guidelines by which cooperatives put their values into practice.

#### **First Principle: Voluntary and Open Membership**

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

## **Second Principle: Democratic Member Control**

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women, serving as elected representatives, are accountable to the membership. In primary cooperatives, members have equal voting rights (one member-one vote), and cooperatives at other levels are also organised in a democratic manner.

## **Third Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefitting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

## **Fourth Principle: Autonomy and Independence**

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

## **Fifth Principle: Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees, so that they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

## **Sixth Principle: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the Cooperative Movement by working together through local, national, regional and international structures.

## **Seventh Principle: Concern for Community**

Cooperatives work for the sustainable development of their communities through policies approved by their members.

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## **SOME SELECTED ICA PUBLICATIONS**

AGRICULTURAL COOPERATIVES IN JAPAN - The Dynamics of their Development. MV Madane. 1992. pp 250. Indian Rs 200/US\$30

AGRICULTURAL COOPERATIVES IN SOUTH KOREA - The Unitary Approach. MV Madane. 1993. pp 166. Indian Rs 200/US\$30

WASTE RESOURCE RECYCLING BY COOPERATIVES - The Chinese Experience. 1991. pp 62. Indian Rs 60/US\$10

AGRIBUSINESS COOPERATIVES - Case Studies conducted in India, Bangladesh, Thailand and Indonesia. SP Seetharaman. 1992. pp 210. Indian Rs 225/US\$35

PERSPECTIVE PLANNING FOR AGRICULTURAL DEVELOPMENT BY AGRICULTURAL COOPERATIVES IN ASIA. 1994. pp 207. Indian Rs 460/US\$60

MANAGERIAL DECISION-MAKING IN AGRICULTURAL COOPERATIVES - Some Selected Cases. Prof Ajit Kanitkar. 1995. pp 167. Indian Rs 300/US\$25

ENVIRONMENT AND COOPERATIVES - A Report of the Asian Regional Study. GC Shrotriya and Daman Prakash. 1992. pp 215. Indian Rs 300/US\$25

A PLACE TO LIVE - Roles Cooperatives Can Play in Protecting Environment. Daman Prakash. 1991. pp 22. Indian Rs 20/US\$3

OUR CIVIL SOCIETY AND COOPERATIVES - Cooperative Institutions as True Contributors to the Enrichment of our Civil Society. Daman Prakash. 1994. pp 64. Indian Rs 70/US\$10

SOCIAL OBJECTIVES OF COOPERATIVES - Role of Cooperatives with special reference to Poverty Alleviation, Social Integration and Employment Generation. Daman Prakash. 1994. pp 40. Indian Rs 70/US\$10

AGRICULTURAL COOPERATIVE BUSINESS DEVELOPMENT WITH SPECIAL REFERENCE TO KOREAN EXPERIENCE. 1996. pp 167. Indian Rs 200/US\$20

COOPERATIVES IN INDIA AND PAKISTAN - Some Aspects. Dr SK Saxena. 1992. pp 170. Indian Rs 250/US\$25

GENDER PLANNING IN COOPERATIVES - Report of the Asia-Pacific Conference. 1993. pp 252. Indian Rs 300/US\$45

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The ICA Regional Office for Asia and the Pacific (ICA ROAP) serves 62 national level organisations from 28 countries, and one international organisation (ACCU), representing nearly 500 million individual cooperators. Main activities include: Coordination of cooperative development efforts within the Region and promotion of exchanges and experiences; Project identification, formulation and evaluation; promotion of establishment and development of national cooperative apex organisations; and Organisation of seminars and conferences on specific subjects including support for programmes aimed at the involvement of women and youth in cooperative activities.

The ICA enjoys Category-I Consultative Status with the United Nations Economic and Social Council (UN/ECOSOC) and has active working relations with UN and other international organisations.