

OPEN ASIAN CONFERENCE ON

**COOPERATIVE
MANAGEMENT**

Manila, 1981

REPORT AND PAPERS



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Open Asian Conference on

Cooperative Management

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INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia

“Bonow House”, 43 Friends Colony (East),

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INTERNATIONAL COOPERATIVE ALLIANCE

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**Inaugural
Session**

Brig. General Arcadio S. Lozada*

Welcome Address

On behalf of the host movement, the Cooperative Union of the Philippines and the Ministry of Agriculture, I extend fraternal greetings and warm welcome to all the delegates to the 7th Open Asian Conference on Cooperative Management, many of whom I have already met in Seoul, Korea, last week during the 23rd meeting of the ICA Regional Council for South East Asia.

“This Open Asian Conference on Cooperative Management which has chosen “Strengthening Cooperatives” as its theme. signifies many things to us. It attests to the continuing efforts of the International Cooperative Alliance, not only to promote and develop cooperatives in the Region, but also foster better international relations among the Asian national cooperative movements. It provides an occasion wherein delegates and resource speakers from various Asian countries may share their knowledge, experience and expertise, identify common problems and present suitable solutions.”

We are aware of the vital role and varied activities undertaken by the ICA and its Regional Office and Education Centre for South-East Asia based at New Delhi, in continually developing cooperative principles, concepts, methods, strategies and practices that bring about and promote economic, social and cultural development of all members of society, regardless of class, colour, creed and status in life. We also acknowledge with deep appreciation, the role of the Swedish Cooperative Centre and the Swedish International Development Agency in funding many, if not all of these undertakings. “Indeed, ICA which advocates the “One World Concept”, symbolizes unity, peace, progress and brotherhood of man. It knows no boundary and we are proud to belong to this organisation,” a world-wide confederation of cooperative organizations of all types, serving over 355 million members at the primary level. Founded in 1895 in London, dedicated to the development and promotion of cooperatives, in all parts of

*President, Cooperative Union of the Philippines, Manila

the world which makes it as one of the oldest of non-governmental organizations.

For the Cooperative Movement in the Philippines, the 7th Open Asian Conference on Cooperative Management provides an opportunity for the Philippine Cooperatives to avail themselves of the wealth of information generated by the occasion. We feel confident that the conference will be fruitful and beneficial to all participating countries which include Australia, Bangladesh, India, Indonesia, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Singapore, Sri Lanka, Thailand and the Philippines.

Again, I welcome you all to this historic gathering and may your stay in Manila be more pleasant and profitable.

Arturo R. Tanco, Jr.*

Keynote Address

General Lozada, as representative of this host movement, has welcomed you to the conference. I am pleased and privileged to welcome you on behalf of our government, and particularly on behalf of the Ministry of Agriculture, which as you might know is the Ministry that oversees and supervises all cooperative activities in the Philippines.

I realize you have come all the way from your respective countries to participate in what I feel is a very worthwhile endeavour: that of exchanging your views and experiences on a subject that must be common and of vital interest to all cooperative movements — cooperative management. "For any economic activity, especially any undertaking worth its name as a cooperative endeavour which as we all know must be steeped in ideology and full of social purpose and content, the management infrastructure is a vital, indispensable ingredient for success. One can have all the most sophisticated physical and other infrastructures available and on hand, but without management capability, these won't amount to very much. To translate set goals, purposes and objectives into meaningful implementation is the main task of management, and in exact as this science is, there must be a constant, continuing effort at taking a look at what we have and at the need to revise, improvise when we have to, all in our interest to achieve what we set out to do in the first place."

I would like to tell you too that the timing of your conference could not have been any better. Part of your souvenir programme prepared by your local hosts speaks of a very recently launched national campaign to stimulate and encourage production and other economic activities in both the rural as well as urban areas, a principal feature of which is private sector participation and initiative, built-in with a mechanism for assistance from government as and when called for, but essentially aimed at motivating the masses of people into activities that only make

*Minister of Agriculture, Philippines

for self-reliance and self-sufficiency, increased production, and stepped-up economic activities all with a view to increasing income levels. This is known, in Filipino, as the KKK which denotes a movement for livelihood and national progress.

Because of time constraints, and my not wanting to rob you of your very limited time allotted for this conference I shall not go to the details of this programme. The reason I mention it is that I think all of you, without exception, can immediately relate to, and identify yourselves with, any undertaking like this for the reason that this is the whole aim and purpose of the Cooperative undertaking. And this is the reason I say that the timing of this conference is excellent, because looking at it from our own selfish viewpoint as hosts of this conference, it means to us that we now have with us—in fact gathered within these halls—a wealth of experience and expertise which otherwise we would be hard put to assemble and accumulate.

A listing of the participating countries shown to me just before I went up on this stage has in fact doubled my belief that despite the limited time allotted for this conference, we will end up, I hope, feeling that all our efforts have borne fruit. We have all our neighbours from the ASEAN, and a number of ASIAN countries as well. Our movements have all gone through similar growing pains; many of us may still be at developing stage, but against our common Asian backdrop, it should not be difficult for us to identify and pin-point areas of mutual interest, common problems, and likely approaches and solutions analogous or similar situations.

And this is where this kind of a regional endeavour will make its impact more felt. In contrast to the universalist approach which used to be in vogue several years back on a more realistic plane this has given to what I might most appropriately refer to as the regionalized, specialized sphere of influence approach because over the years, one realizes that interaction is maximized between and among those who are able to identify common reference points, similar millieus, and common problem areas, and collective efforts are much easier brought to bear on all these, with a much wider, longer-ranging, and more effective impact.

I must congratulate you on the theme you adopted: **STRENGTHENING COOPERATIVES**. Some of us have had cooperatives for the last fifty years or more; some movements are fairly recent, all of us without exception have had our ups and downs, and our collective experience in Asia can perhaps be best described as being checkered gray and black but all of us too, without exception share in the belief that a progressive cooperative movement can do very much towards uplifting the living conditions of the great masses of our people and enhancing our national economies, Enthusiasts refer to the movement as "the middle way", [but while this term may be susceptible to a number of interpretations depending on how one looks at it, and shorn of the political over tones that this term might have,] cooperation can certainly turn out to be literal peaceful revolution to achieve a middle-way level, if not to equalize, at least to reduce the extreme disparities between the different economic sectors typical to the Asian context."

While I am at this, I wish only to share one other point with you, and I know that while addressing yourselves to the problems at hand, you will not lose sight of these facts that in that end, at reckoning time, it is not how much profit a cooperative enterprise makes, but what impact it has had on the social and economic status of the masses of its membership as it will be this, and this only, that will determine whether it is the real people's movement that the cooperative ideology was meant to be. I say this without necessarily implying that profit *per se* is or should be anathema to the movement, because a reasonable margin from operations is necessary for the continued viability of any economic enterprise, cooperatives included, in order that there is assurance of the continuity of service to its members. What will make the ultimate difference is the way one utilizes profit. If in one way or another this is plowed back to membership, then by all means let us make as much profit as we can in all our cooperative enterprises.

I wish a fruitful and meaningful conference for all of you.

Commission-I
Cooperation Among
Members at Local Level

Motohiro Kameda*

Cooperation Among Members at the local level

Activities of Cooperative Members' Organi- zations in the Field of Farm Management

INTRODUCTION

A. History of Agricultural Cooperatives in Japan

Japan's cooperatives had been organized by the farmers with frontier spirits before the enactment of a law in 1900. Under the law, the antecedent of today's agricultural co-operatives was formed as an industrial cooperative and it has more than eighty years of experience.

Most of agricultural cooperatives have the origin of their establishment in 1947 or in 1948. Therefore, the society has left much impression on the improvement of farming and living conditions for member farmers during this long history.

B. Changes in Agriculture, Agricultural Cooperatives and Farmers due to High Economic Growth in Japan

Japan's high economic growth had continued nearly for fifteen years since 1960, and it made a great contribution to make peoples' life improved materially and socially. However, this has also brought some severe problems, such as the waste of energy resources and the destruction of nature.

(i) Changes in cooperative members and Japanese agriculture

The high economic growth of Japan has also affected the situation of Japanese agriculture, agricultural cooperatives and member farmers as a big distortion.

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Through the income of member farmers increased considerably, the agricultural income of farmers has stagnated compared with the increasing rate of wage-earners' income. This results in more farmers increasingly dependent on their income from non-agricultural occupations. Moreover, the major part of farm work is done mainly by women and aged people due to the increase in number of part-time farmers and the difficult situations for securing successors, although the farm works have been reduced and lightened by the mechanization in agricultural farms.

On the other hand, some farm lands have been ruined because of the construction of industries and houses and others have declined in their fertility, which have generally weakened the basis for agricultural production. Farmers' willingness towards agricultural production have been discouraged by agricultural policies of being dependent on imported agricultural products and of putting a priority on industrial sector as well as of controlling rice production.

(ii) Changes in business activities and organizational structure of agricultural cooperatives

As far as the change in agricultural cooperatives is concerned, the business turnover of the society has greatly expanded. However, the members' expectation toward the society has varied owing to the alternation of generation as well as the diversification and the different nature of their farm works and living conditions. Under these situations, the society is unable to cope with such diversified demands from member farmers, and the members themselves have weakened their consciousness as cooperative members. As the result of these, it has been feared that the cooperative management would remain unstable in severe competitions with other private companies.

C. Conduct of Campaign for Strengthening Cooperative Activities

Most of agricultural cooperative societies throughout the country organized discussions of member farmers on how to overcome such critical situations surrounding them at the grass-

root level during the first half of the year 1976. On the basis of suggestions and recommendations made at these members' meetings in the country, the 1976 National Congress of Agricultural Cooperatives was held in Tokyo which adopted the resolution of conducting the above campaign, and confirmed that the campaign should be run through the entire agricultural cooperative organizations from members at the grass-root level for the purpose of strengthening cooperative activities.

Japan's economy has greatly changed to stagnate its growth rate since 1975, and the situations surrounding Japanese agriculture, agricultural cooperatives and their members have become more severe. Therefore, the agricultural cooperative organizations throughout Japan have plans to build up a strong organizational structure and management to cope with any environmental changes and situation of low growth rate in Japanese economy.

(i) Aims of the campaign for strengthening cooperative activities

The concrete aims and ways of this campaign may be differed by the members' situations, wills, fields of activities and the conditions of society's organizational structure. Therefore, with a view to promoting members' participation and the unity with cooperative societies, the society is to seek for ways for strengthening cooperative activities through thorough discussions and close communication with members. Not only the general will of members, but also their creative ideas should be reflected in these ways. Furthermore, the society should involve members in the cooperative activities through the practices of these ways. This campaign is required to be carried out on a long term basis. However, the interim targets are to be made for cooperative activities during every three years in order to accomplish them in a planned way. The Second-Three-Year Campaign for Strengthening Cooperative Activities is now being implemented.

D. Tasks of Japanese Agriculture and measures of Agricultural cooperatives in 1980s

(Re-organization of Agriculture from the Local Level)

The supply and demand situation of food is forecast to be tight in the world in 1980s'. However, Japanese agriculture has focussed to control its major agricultural and livestock products, such as rice and the like, on account of depending for more than a half of food requirements on foreign countries. Therefore the agricultural cooperative organizations throughout the country are going to reorganize and establish Japanese agriculture by themselves from the local level under the resolution adopted at the National Congress of Agricultural Cooperatives in 1979. In parrallel with the Second-Three-Year Campaign for strengthening Cooperative Activities, this is now under practice by Japanese agricultural cooperatives.

(i) Ways to promote the reorganisation of agriculture from the local level

The basic point for reorganizing Japanese agriculture is that all the societies should ascertain the future direction for reorganizing the regional agriculture in cooperation with member farmers, and persue it in a planned way. Within this framework, agricultural cooperative organizations should carry out their own measures for improving the supply and demand situations of major agricultural and livestock products. For the purpose of doing this, each of agricultural cooperative society is requested to make up and practice its own regional agricultural promotion plan in collaboration with members to increase the productivity. With this practice, agricultural production and marketing plans on major agricultural and live-stock products, which are a part of the promotion plan, are to be submitted to the organizations at the national level to work out national plan of production and marketing of agriculture and livestock products. Then, the national plans will be compared with the forecasted demand of agricultural and livestock products made in advance. If there are any gaps between the two, agricultural cooperative organizations should have a discussion with the government and carry out necessary measures for adjusting

the supply and demand of agricultural and livestock products informations to member farmers.

These two big movements (C & D) are to be accomplished with the cooperation of each member farmers complete.

(ii) *Members' Organisation for Cooperative Activities*

Members' cooperative activities are carried out by various members' organizations and groups for better-farming and better-living. These members' activities, as a basis or a foundation of the agricultural cooperative society, bring about the democracy and well-planned manners to cooperative management and business activities of the society and lead the society to produce cooperative profits.

In this connection, this paper is presented on the activities of important members' organizations in the field of farm management. (See Fig. 1)

“SHURAKU” ORGANIZATIONS (see Fig.2)

A. Functions of “SHURAKU” Organizations on Agricultural Production

“SHURAKU” (cluster of houses in rural districts) was formed as a voluntary organization of farmers who live in the same rural district, and had played various roles like mutual aids and regulations not only on the farm management but also on the better-living for farmers as a basic regional community of Japanese rural districts. Therefore, the “SHURAKU” has been promoted for a long time and the mutual cooperation among farmers being attained by “SHURAKU” organizations/groups are inevitable for them to manage their farmings, which is traditionally centered on rice production in small scattered farm lands, in the following activities.

- i) Land consolidation projects including small-scale land improvement
- ii) Improvement and utilization of drainages
- iii) Conduct of joint farm works on rice production
- iv) Joint utilization of forest lands which is a source of fire-woods, soil dressing and manure

One of “SHURAKU” organizations/small groups function-

ing on the above lines is called as a farming association or a farm household association (organized by only farm households). These organizations/small groups form the basis of agricultural cooperative activities.

B. Trends to Weaken the Functions of Organisation in "SHURAKU"

From a socio-economic point of view, the number of part-time farmers has increased and non-farmers have moved to rural districts under the situation of high economic growth started around 1960. On the other hand, while livestock and horticultural production have increased their ratio in the total agricultural production in Japan, the main product and the management scale of farmers have been differed in "SHURAKU" districts. The homogeneity among farmers as a member of "SHURAKU" was spoiled and the roles of "SHURAKU", such as its function of cooperation and an adjustment of agricultural production, was weakened due to these facts.

The activities conducted by commodity-wise producers' groups had played an important role in the fields of livestock and horticultural production for a while.

C. Visible Problems in Regional Agriculture and Agricultural Management

During the period of high economic growth in Japan, Japanese farmers expanded and rationalized their farm management on one hand, and tried to seek for occupations in non-agricultural sectors on the other. In recent years, the governmental policy for converting rice crop to other commodities has been carried out. Under these situations, Japanese farmers have tended to over-invest into farm machinaries. Some farmers have left their part of farm lands uncultivated while others have not made so much effort to take care of their planted fields. On the other hand, straws, chaffs and animal drops have not been utilized as organic fertilizers, which has led the decline of fertility in paddy fields.

These trends have made the development of individual farm

management being more difficult, and it has been found almost impossible to utilize regional agricultural resources fully and efficiently. In order to overcome these problems, farmers are required not only to pursue the rationality of their own farm management but also to promote rationalized agricultural production in the whole region through their mutual cooperative activities in such fields as farm works and processing of products. These mutual cooperation, which is to be organized by a certain number of member farmers, will also supplement their individual farm management.

D. New Functions on Agricultural Production Required for Organizations in "SHURAKU"

On the basis of present situations, organizations in "SHURAKU" have become to be reconsidered as important assuming a new function of adjusting regional agricultural production, and have been allowed to reorganize and reinforce the prior functions to promote cooperative activities of farmers concerning the farm management. Today, the organizations in "SHURAKU" are being expected to conduct the following activities, especially on farm management.

i) To establish the farming plan of "SHURAKU"

The farming plan of "SHURAKU", which is written and points out suitable directions of farm management in "SHURAKU" districts, should be built up under the individual farmer's farming plan. In the plan, the prior commodities, variety of farm products, types of farming and the income target are to be decided so as to establish the basis and to realize the mass conversion plan for farm products and the regional mixed farm management.

ii) Land consolidation and the effective usage of farm lands

Land consolidation projects are carried out to enable the introduction of highly effective mechanization system and of alternative land usage system between well-drained paddy fields

and upland fields. Also, the land utilization should be promoted in effective ways by taking necessary measures for uncultivated lands and the land which has not been taken much care as well as the land with less fertility.

iii) Organizing agricultural production and utilizing labour forces in effective ways

Agricultural production organizations, such as a farming group and a trust association, should be formed to take an initiative for supplementing the farm management between full-time and part-time farmers to build up the system of agricultural production with high productivity through conducting effective utilization of agricultural production resources, such as land, labour and machineries.

As far as the advantageous usage of labour force is concerned a mutual supplementing system of labour force among full-time farmers as a main worker and part-time farmers and women as a supporter of farm works should be formed through the operation of machineries in a highly efficient way.

iv) Effective utilization of machineries and facilities through organizations

In order to protect own farm machineries and facilities with much capacity than the farmer's operation scale, the organizational effective utilization system of farm machineries should be established through owning them by farmers' organizations and trust organizations or borrowing them from the society and its machinery bank.

v) Collaboration with organizations related to agricultural production

Necessary systems and structures should be improved and established to collect information, introduce administrative policies smoothly and to receive guidance and assistance extended by the society, municipality and the extension office. Especially, the farming plan of "SHURAKU" and the regional agricultural promotion plan of the society

should be connected and adjusted to conduct the supply of funds and the joint purchasing of production materials as well as the joint marketing of agricultural and livestock products in a planned way.

E. Agricultural Cooperative Measures for Promoting Activities of Organizations in "SHURAKU"

Agricultural cooperative societies are required to take the following measures to promote and assist the activities of organizations in "SHURAKU".

- i) Provide guidance and supply necessary information on the reorganization and the promotion of regional agriculture.
- ii) Conduct educational courses and seminars for promoting leaders of organization in "SHURAKU".
- iii) Strengthen the equivalent function of branch offices of the society for organizations in "SHURAKU".
- iv) Improve the specialization system for cooperative officials and employees classified by the district in "SHURAKU."

COMMODITY-WISE PRODUCERS' GROUP

A. Origin of Commodity-wise Producers' Group

From 1960, when the livestock and horticultural production had been given much weight in Japanese agricultural management traditionally being concentrated on rice production, member farmers' concern and interest had not been coincided due to the difference of main products of farmers and of the operational scale of farm management in "SHURAKU" districts. As the result of this, members' organizations which were differed from "SHURAKU" organizations were required to establish commodity-wise producers' groups.

This commodity-wise producers' group is a member organization consisting of farmers having the same interests toward farm management as well as the similar scale farming operation.

B. Roles Played by Commodity-wise Producers' Group

Roles played by commodity-wise producer's groups are as follows:

- i) To solve difficulties and inefficiencies in co-operation with members in introducing necessary techniques, machineries and facilities concerning new productions like livestock and horticultural products.
- ii) To unify the grade and quality of farm products and to improve processing and distribution facilities cooperatively to ship members' products in efficient and economic ways. Also the planned shipment of products should be carried out by members' cooperation after fixing time and amount of farm products.
- iii) To build up mutual communication by making the linkage between members' farm management and cooperative business, and the roles among members, commodity-wise groups and the society should be made clear among three of them mutually.

C. Functions of the Commodity-wise Producers Group

The following factors are to be performed by the commodity-wise producers' groups.

- i) To be organized commodity-wise and related to all processes from production to marketing of agricultural and livestock products in a systematic way.
- ii) To collect members' opinions and to reflect them into cooperative business, the group should inform the group members on business policies and thoughts of the society.
- iii) To be identified as an organization directly connected with the society, although the management and activities of the group are conducted independently.

D. Activities Carried out by the Commodity-wise Producers' Group

The commodity-wise producers' group is carrying out activities expanded to various sectors on production and distribution

of farm products. However, the following are the major areas of activities conducted by this group.

- i) Seminars and studies on production techniques
- ii) Management of joint utilization of machineries and facilities
- iii) Investigation of marketing and purchasing plans of production inputs
- iv) Analyzing and investigating management conditions
- v) Introduction and improvement of the mutual aids and management stability systems

E. Cooperative Promotion Measures for Activities of the Commodity-wise Producers' Group

The following measures are taken by the society in order to promote activities of the groups.

- i) To supply information on production and distribution of agricultural products.
- ii) To support activities to carry out the planned production and shipment of agricultural products thoroughly.
- iii) To take care of the secretariate of each group by society.

F. Problems Faced by Group Members and their Farm Management

The commodity-wise producers' group has been formed as an organization which supports commodity-wise cooperative farming complexes mainly on livestock and horticultural production. These complexes have been built under the promotion of agricultural cooperative organizations since 1961. The activities of commodity-wise groups have been supplemented year after year.

However, the trend of increasing part-time farmers and of aging agricultural labour forces in farm works, in cultivation and in the breeding animals, have been noticed increasingly in commodity-wise groups. In addition to these, a large part

of farm work has been done mainly by women. Specialized management as well as the high techniques on agricultural production have spread even in rural districts. Accompanied with these significant changes in Japanese agriculture, the unified cooperative activities by members have fallen into difficult situations.

Furthermore, the main agricultural products have been exploited and farmers' agricultural management has been specialized to expand the management scale and rationalize the productivity. Because of this situation the mutual function for supplementing agricultural production resources between crops and the different main crop's, farm management has been weakened seriously. As a result of this, the disposal of straws, chaffs and animal drops have led to environmental pollution on the one hand and brought some damages caused by successive croppings on the other.

G. Direction of Activities Required for Commodity-wise Producers' Group

The commodity-wise producers' group is required to the following directions for its activities under the recent agricultural situations.

- i) To make the member's right and obligation clear and to promote the activities of sub-groups according to the age of main farm workers, management scale and the like.
- ii) To strengthen the implementation of farm works and farm management between full-time and part-time farmers through the activities carried out by sub-groups of the commodity-wise producers' group.
- iii) To promote the effective usage of agricultural production resources in collaboration with organizations in "SHURAKU" districts and other commoditywise producers' groups.

AGRICULTURAL PRODUCTION ORGANIZATION—COLLECTIVE PRODUCTION ORGANIZATION(see Fig. 5 and 6)

A. Development of the Main Agricultural Organization

i) Collective Cultivation Organization/Group

It is inevitable for farmers, whose farming is centered on paddy production, to maintain, the cooperation for conducting jointly arranged farm works which have been done through organizations in "SHURAKU" districts for a long time. Accompanied with this joint farm works, a collective cultivation organization/group which unifies the variety of rice crops and arranges the period of joint farming has been formed around since 1955.

ii) Joint Utilization Organization/Group of Agricultural Machineries

After the introduction of large-sized farm machineries, such as tractor and chemical spraying machine, some organization/groups were organized to utilize these machineries jointly. However, methods of the joint utilization have been changed from the earlier system in which all the members of the group jointly utilized machineries to the new system in which some members conducted farm works on other member's farm lands as operators of machineries as number of part-time farmers increased.

iii) Partial Farm Works Contract Organization/Group

Due to the expansion of large sized machineries, the capacity of these machineries exceeded the required amount of farmworks within the group, and also the investment of machineries became a big burden for the group members, around 1965. Under these situations, some group members started farming with outsiders and received suitable commissions for conducting farm works. This was the origin of establishment of the partial farm works contract organization/group formed by operators of farm machineries

iv) Agricultural Management Contract Organization/Group

It was difficult for operators to secure their income because the farming season was so limited and the machineries could not be operated all the year round. Therefore, it was necessary for operators to increase their operational areas or types of operation. With transplanting machineries for paddy, head-feeding combines and others utilised in farm works, the contract farming on rice production changed from the partial contract to in line basis. Then, operators' organizations were formed by this situation.

B. Measures for Promoting Contract Organizations/Groups of Farm Works and Farm Management Extended by the Society

Agricultural cooperative societies have played a role as an intermediary and an arbitrator between the consignee and the consignor on the contract of farm works and farm management. In this connection the society has taken some active measures such as fixation of the commission, improvement of the trustees' (operators') farming techniques and the maintenance of operators' operational areas.

Since 1970, the agricultural cooperative society itself has been permitted to conduct the contract farming and farm management under the law. Therefore, the Government has promoted such activities by the system of agricultural machinery bank since 1977.

C. Characters and kinds of Agricultural Production Organization/Group

All agricultural production organizations/groups mentioned above are joint organizations/groups for conducting farm work or farm management of member farmers under contract partially or wholly. Besides these organizations/groups, there are some livestock production organizations. Both agricultural and livestock production organizations/groups have their own joint farm management groups.

D. Roles played by Agricultural Production Organizations/ Groups

Joint utilization organizations and contract farming organizations/groups based on "SHURAKU" districts as well as the individual members' farm management play an important role in the fields, such as the high utilization of farm lands and the effective usage of farm machineries. Within the framework these organizations as well as the individual farmer's farm management conduct the agricultural reorganization in regions as main constituents. Therefore, taking measures for promoting and for assisting activities of the groups/organizations are considered an important duty of agricultural cooperative societies.

III. CONCLUSION —Points to be considered by officials and employees of the society to promote members' cooperative activities.

A. How We Should Promote Members' Spontaneousness

Agricultural cooperative societies should always look into the the essence of problems related to members' farming and living conditions, and pose the results to members so as to unify their consciousness toward important problems which are selected from among daily ones and required to be solved by members' mutual cooperation. In this process, the society should assist and promote member farmer as an active leader and make him involve other member farmers.

B. How We Should Promote Independent Activities of Members' Organization/Group

After having a sufficient discussion within the group/organization, the society should make members build up their consciousness to regard the activities of the society as their own. Then, the society should promote member' groups/organizations to make an agreement with members, in which members' duties and rights are to be made clear. Also, the society should promote group members to perform their duties and rights

completely. Furthermore, such performances of rights and duties, should be evaluated, and results and problems caused after the evaluation should be made known as an important step for promoting forthcoming activities of the group.

C. How We Should Establish the Cooperative Management System in which the Members' Participation is Secured Through Their Activities in Groups/Organizations

Agricultural cooperative societies should be clear whether it would be possible or impossible for the society to realize each request from members, groups and organizations concerning the cooperative businesses and the management under the present situation. If it is possible, necessary actions should be done quickly. On the other hand, the suitable conditions being possible to realize members' requests should be made up in cooperation with members.

Fig. 1) Relation Between Farmers' Organizations Groups and The Society

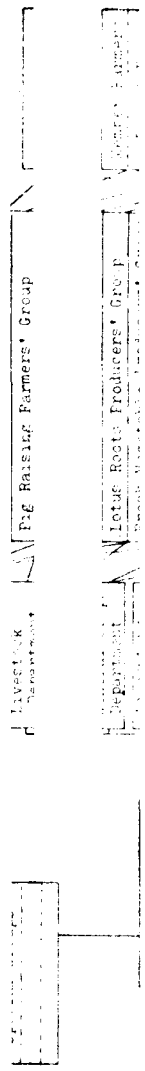


Fig. 1) Relation Between Members' Organizations/Groups And The Society
On The Field Of Farm Management (Example)

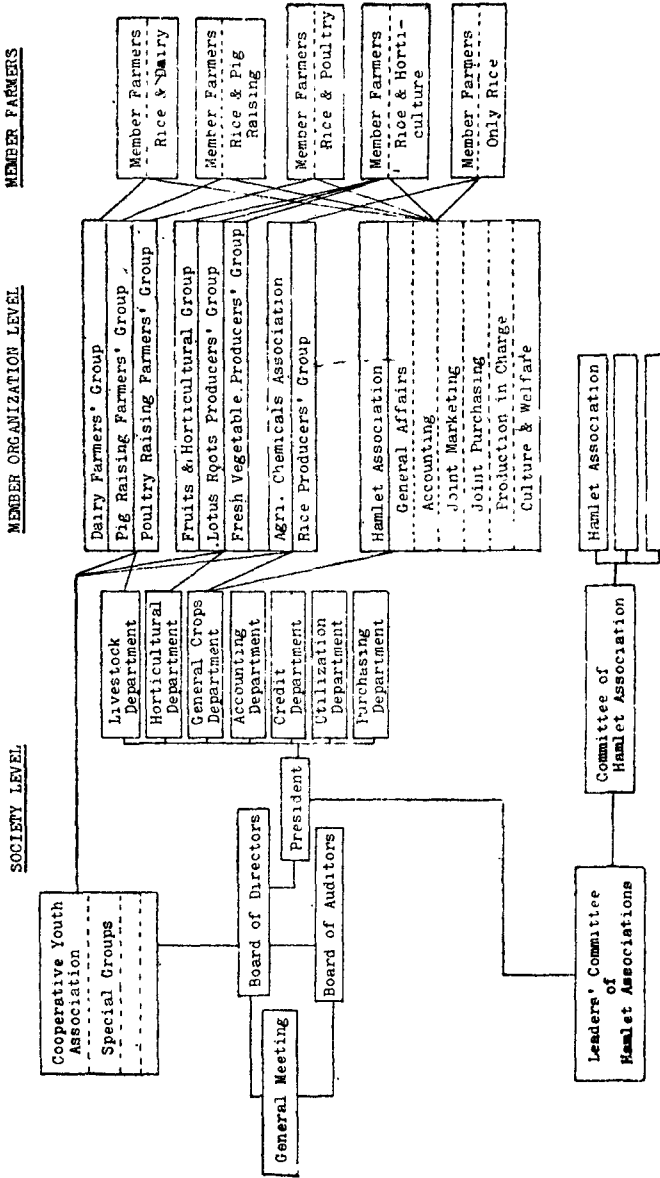


Fig.2 Outline of Organisations in "SHURAKU" Districts

Name of Region	Average No. of Household Per "SHURAKU"				Average Land Area Per "SHURAKU"				No. of Farm House-hold Assoc. and Others		
	No. of Organisations	Total House-holds	Composition Ratio		Total Land Area	Cultivated Land Area		Up-land*			
			Farm House-holds (A)	Non-Farm House-holds (B)		Total	Paddy				
National	142,384	141	33	108	23.3	76.7	243.6	37.8	21.1	16.7	204,097
Hokkaido	7,177	131	16	115	12.4	87.6	977.7	151.5	36.9	114.6	8,927
Prefectures	135,207	142	34	108	23.8	76.2	204.6	31.8	20.3	11.5	195,170
Tohoku	17,515	99	40	59	40.4	59.6	365.6	56.0	37.2	16.8	25,100
Hokuriku	11,100	90	32	58	35.7	64.3	199.8	34.2	29.8	4.4	13,564
Kanto & Tohzan	26,035	209	38	172	18.1	81.9	180.4	37.7	20.0	17.7	45,800
North Kanto	9,237	129	42	88	32.1	67.9	190.3	51.0	28.5	22.4	17,311
South Kanto	10,499	350	32	318	9.1	90.9	112.1	31.3	16.4	14.9	16,844
Tohzan	6,299	97	42	56	42.8	57.2	279.9	29.0	13.6	15.4	11,645
Tohkai	12,579	196	39	157	20.1	79.9	215.8	28.6	17.5	11.2	18,060
Kinki	11,919	296	39	257	13.1	86.9	211.4	24.6	18.9	5.7	11,999
Chugoku	19,936	75	24	51	32.0	68.0	154.0	17.2	12.6	4.6	29,255

Sanin	5,557	51	22	29	44.1	55.9	173.9	17.8	12.6	5.2	7,059
Sanyo	14,379	84	25	59	29.5	70.5	146.2	16.9	12.6	4.4	22,196
Shikoku	10,965	87	27	60	30.7	69.3	164.9	19.1	10.7	8.4	13,608
Kyushu	24,438	97	31	66	32.0	68.0	165.6	28.9	16.0	12.9	37,426
North Kyushu	15,579	109	32	68	28.9	71.1	153.7	30.0	18.8	11.2	26,343
South Kyushu	8,659	75	31	44	40.7	59.3	187.1	26.8	10.9	15.9	11,083
Okinawa	710	215	61	154	2.3	71.7	272.7	60.6	1.6	59.9	358

(Note) * = including fruits orchard

(Unit : household, %, ha)

(Source) Ministry of Agriculture, Forestry and Fisheries : "Outline of results on 1980 World Agriculture and Forestry Census"
Ministry of Agriculture, Forestry and Fisheries : "Statistics on Agricultural Cooperatives—1979 Business Year"

Fig. 3 Number of Commodity-wise Producers' Groups
(Transition By Years)

Crops	1975	1976	1977	1978	1979
(A) No. of Society	1,552	1,642	1,694	1,759	1,807
(B) No. of Groups	7,992	7,839	7,397	7,984	7,049
Vegetables					
(A)	2,716	2,810	2,843	2,904	2,981
(B)	7,900	8,093	8,052	8,537	8,303
Livestock					
Beef Cattle					
(A)	2,342	2,352	2,350	2,366	2,370
(B)	4,517	4,304	4,591	4,111	3,942
Pigs					
(A)	1,872	1,888	1,885	1,915	1,914
(B)	2,579	2,470	2,788	2,358	2,324
Poultry					
(A)	992	975	959	923	897
(B)	1,220	1,197	1,540	1,096	1,042
Others					
(A)	303	309	309	310	317
(B)	455	548	490	502	473

Fruits					
(A)	1,938	2,018	2,050	2,025	2,069
(B)	4,404	4,352	4,238	4,348	4,107
Sericulture					
(A)	1,003	1,041	1,045	1,009	1,001
(B)	3,687	3,723	3,468	2,495	2,110
Flowers & Plants					
(A)	1,249	1,268	1,254	1,291	1,317
(B)	1,678	1,697	2,149	1,740	1,710
Mushrooms					
(A)	982	1,037	1,096	1,116	1,175
(B)	1,221	1,322	1,419	1,519	1,508
Others					
(A)	1,228	1,254	1,243	913	981
(B)	2,398	1,106	2,328	2,485	2,224

(Source) Ministry of Agriculture, Forestry and Fisheries: "Statistics on Agricultural Cooperatives—1979 Business Year"

Fig. 4 Assigned Functions Between Commodity-wise Producers' Groups and the Society (In the case of apple production)

Items	The society should take the initiative in conducting following	The group should take the initiative in conducting following
1. Target	(i) Promote to establish the long-term farm management improvement plan	(i) Investigation activities
2. Unification of varieties	(i) Selection of varieties and extending guidances (ii) Joint purchasing of seedlings	(i) Promote the variety of crops to be expanded (ii) Joint purchasing of seedlings
3. Development & introduction of production techniques	(i) Technical development and systematization	(i) Extend a new technique (seminars)
4. Standardization of production techniques	(i) Strengthen the guidance system (ii) Take measures for production group and the production	(i) Establish the collective production system (ii) Promote and practice joint activities
5. Supply and select production & distribution materials.	(i) Establish the supply system of the society (ii) Guide the collective utilization system	(i) Strengthen the self-control system (ii) Grasp of demands
6. Supply of funds	(i) Supply of funds (ii) Guide the management control	

7. Utilization of production & distribution facilities	<ul style="list-style-type: none"> (i) Management and administration of facilities (owned by the society) (ii) Analysis and investigation (iii) Guide the management & administration of facilities owned by the group 	<ul style="list-style-type: none"> (i) Management and administration of facilities (owned by the group) (ii) Analysis and investigation (iii) Strengthen the cooperative system of facilities owned by the society
8. Marketing of products	<ul style="list-style-type: none"> (i) Selection of markets and marketing orders (ii) Build up the marketing plan of products (iii) Decide the tradesmark (iv) Supply information on collectoin, grading, transportation, storage and the settlement of accounts (v) Market development 	<ul style="list-style-type: none"> (i) Collect production and marketing plans (ii) Promote cooperative businesses
9. Management of the group	<ul style="list-style-type: none"> (i) Take charge of secretariate for the group 	<ul style="list-style-type: none"> (i) Self-management under the collaboration with the society

(Source) Yamagata Prefectural Union of Agricultural Cooperatives : "Policies For Strengthening Farm Guidance Activities—(Tentative)"

Fig. 5 Number of Agricultural Production Organizations/Groups

Region	Total No. of agri. production organizations/groups	Joint Utilization Organization/Group									
		Total	Paddy	Wheat (*)	Horticulture (Green house)	Vegetables	Fruits	Sericulture	Others		
(A) National	41,873	31,637	14,929	1,619	1,214	2,103	4,268	2,577	4,927		
(B) Hokkaido	6,240	5,268	3,120	607	23	221	84	—	1,213		
(C) Prefectures	35,633	26,369	11,809	1,012	1,191	1,882	4,184	2,577	3,714		
(D) Hokoku Region	8,667	6,925	3,964	30	60	373	1,335	372	791		
(E) Hokuriku Region	3,156	2,324	1,773	54	30	174	102	43	139		
(F) Kanto, Tozan Reg.	7,906	6,074	1,653	416	214	517	1,068	1,793	413		
(G) North Kanto	3,961	3,051	787	227	90	259	134	1,257	297		
(H) South Kanto	1,554	1,153	319	177	81	160	151	214	51		
(I) Tozan	2,391	1,870	547	12	43	98	783	322	65		
(J) Tohoku Region	4,081	3,053	1,136	67	285	184	271	132	978		
(K) Kinki Region	1,938	1,333	778	15	90	60	95	22	273		
(L) Chugoku Region	2,457	1,530	864	20	40	107	268	35	196		
(M) Sanin	1,203	803	538	2	9	24	115	16	99		
(N) Sanyo	1,254	727	326	18	31	83	153	19	97		
(O) Shikoku Region	1,426	1,048	243	109	101	103	342	52	98		
(P) Kyushu Region	5,473	3,826	1,394	301	348	361	672	107	688		
(Q) North Kyushu	4,208	2,972	1,334	278	167	227	496	76	394		
(R) South Kyushu	1,265	854	60	23	181	89	176	31	294		
(S) Okinawa Pref.	529	256	4	—	14	48	31	21	138		

(Source) Ministry of Agriculture, Forestry and Fisheries : "Outlines of Results on 1980 World Agriculture and Forestry Census"

(Note) : (*) = excluding Okinawa Prefecture

Collective Cultivation Organizations		Farming Contract Organizations/Groups		Livestock Production Organizations/Groups	
Total Number	Joint Utilization of Organization of Machineries and Facilities	Total Number of which, the society is taking the initiative in management (A)	Organizations on paddy production(*)	Of which (A)	Total Number Of which (A)
(A) 3,037	1,759	4,060	3,227	1,292	3,139
(B) 60	53	78	35	15	834
(C) 2,977	1,706	3,982	3,192	1,277	2,305
(D) 521	384	775	669	209	446
(E) 191	118	572	527	180	69
(F) 622	385	821	636	204	37
(G) 370	201	304	242	35	7
(H) 167	120	185	163	35	1
(I) 85	64	332	231	134	29
(J) 227	151	542	469	157	28
(K) 282	154	255	195	144	10
(L) 299	166	376	336	185	252
(M) 53	29	166	146	31	181
(N) 246	137	210	190	154	71
(O) 90	56	144	76	38	144
(P) 619	228	470	284	160	558
(Q) 505	170	339	223	109	392
(R) 114	58	131	61	51	166
(S) 126	64	27	—	—	120

Fig. 6 Ratio of Actual Number of Farm Households Participated in Agricultural Production Organisations/Groups

(Unit : %, 100 households)

Agri. Region	Total Farm Households (A)	Participated No. of farm Households (B)	(A)/(B)	Ratio of (B) Participated in Paddy Production Organizations	Joint Utilization Organization (C)	Ratio of (B) Participated in Other Production Organizations Excluding Paddy	(C)
National	46,614	4,653	10.0	6.4	5.9	4.7	4.1
Hokkaido	1,196	341	28.5	17.1	17.0	15.0	14.5
Prefectures	45,417	4,321	9.5	6.1	5.6	4.4	3.8
Tohoku	6,938	1,305	18.8	13.9	13.1	7.2	6.0
Hokuriku	3,549	418	11.8	10.3	9.2	2.2	1.4
Kanto, Tozan	9,766	666	6.8	3.0	2.8	4.5	4.2
North Kanto	3,783	230	6.1	2.6	2.5	4.4	4.2
South Kanto	3,390	114	3.4	1.3	1.2	2.3	2.0
Tozan	2,528	323	12.5	6.0	5.5	7.4	7.1
Tohokai	4,996	515	10.3	6.0	4.9	5.0	4.5
Kinki	4,617	308	6.7	4.8	4.4	2.2	1.7
Chugoku	4,795	264	5.5	2.9	2.8	2.9	2.3
Sanin	1,247	136	10.9	7.8	7.5	3.8	2.9

Sanyo	3,547	129	3.6	1.2	1.1	2.6	2.2
Shikoku	2,851	105	3.7	1.4	1.3	2.5	2.1
Kyushu	7,458	709	9.5	6.0	5.6	5.6	5.1
North Kyushu	4,872	629	12.9	8.7	8.5	7.4	6.9
South Kyushu	2,586	80	3.1	1.0	0.9	2.1	1.8
Okinawa Pref.	448	21	4.6	0.0	0.0	4.6	4.1

(Source) Ministry of Agriculture, Forestry and Fisheries : "Outlines of Results on 1980 World Agriculture and Forestry Census"

(Note) Agricultural production organizations/groups, in this case, are excluding Collective Cultivation Organizations which make an agreement to unify a variety of rice crop and conduct manual farm works jointly.

(Appendix)

**The Byelaws of Vegetable Producers' Group of Ayauta-Nanbu
Agricultural Cooperative**
(example)

- Article 1.* The purpose of this group shall be to raise up the economical status of member farmers by rationalizing the production and the shipment of their products through the members, strong- co-operation with individual management and friendship.
- Article 2.* This group shall be consisted of and managed by members of commodity-wise producers groups of Ayauta-Nanbu Agricultural Cooperative, who approve the aims of this group.
- Article 3.* This group shall have its office within the society and its sub-groups shall have their offices within the branch offices of the society.
- Article 4.* A person who will join in this group shall hand the contract of consignment sale of vegetable production to the commodity-wise producers' group.
- Article 5* The group shall carry out the following activities to attain the purpose of this group and commodity-wise producers' groups:
1. Organize seminars and lectures on the management of cultivation and study visits to the advanced area of agricultural production.
 2. Conduct the joint purchasing of necessary agricultural production materials for the production and the marketing of agricultural products through the society.
 3. Study on the joint shipment, marketing and others of agricultural products, and supply their informations to members.
 4. Others.

Article 6. A member shall be expelled by the decision of the hamlet' leaders of the commodity-wise groups in the following cases:

1. In the case of not using the group and the joint facilities intentionally.
2. In the case of neglecting duties as a member, such as the payment of membership fee and the like.
3. In the case of conducting the behaviours like disturbing the group's activities and/or making group's confidence lose.

Article 7. This group shall have the following officers;

(1) This group (head office level, and it is consisting of the chairmen and vice-chairmen of the commodity-wise groups)

1. Chairman 1, Vice-chairman 1, (who are elected from among chairmen and vice-chairmen of the commodity-wise groups)
2. Auditor — a few persons

(2) The commodity-wise groups (which is consisting of leaders and sub-leaders at the branch office level.)

1. Chairman 1, Vice-chairman 1 (who are elected from among leaders at branch office level.)
2. Leader 1, Sub-leader 1 (who are elected from among members at the branch office level.)
3. Auditor 2 (who are elected at the general meeting of the commodity-wise group.)

Article 8. The term of office and responsibility of officers.

(1) This group

1. The chairman shall be the representative of this group, and keep the close cooperation with each commodity-wise groups.
The vice-chairman shall assist the chairman

and act on behalf of the chairman in his absence.

2. Auditors shall audit the activities and the accounts of this group.
3. The office term of officers shall be one year, and the officers are eligible for re-election.

(2) The commodity-wise groups

1. The chairman of each group shall generally manage the group. The Vice-chairman of the commodity-wise group shall assist his chairman, and act on behalf of the chairman in his absence.
2. The leader shall lead the group at the branch office level. The sub-leader shall assist his leader and act on behalf of the leader in his absence.
3. Auditors shall audit the activities and the account of the commodity-wise group.
4. The office term of officers shall be one year, and the officers are eligible for re-election.

Article 9. Election of the committee and hamlet leader, and their duties and the term of office.

1. The commodity-wise group shall have the marketing committee consisting of a few members (who are elected at the general meeting of the commodity-wise group).
2. The commodity-wise group shall have the agricultural materials committee consisting of a few members (who are elected at the general meeting of the commodity-wise group).
3. The commodity-wise group shall have the technical committee consisting of a few members (who are elected at the general meeting of the commodity-wise group).
4. The group shall have the seed nursing committee consisting of a few members (who are elected at the general meeting of the commodity-wise group).

- (1) The member of the marketing committee shall promote the efficient marketing business in collaboration with the society.
- (2) The member of the agricultural materials committee shall carry out the joint purchasing activity of agricultural inputs in collaboration with the society.
- (3) The member of the technical committee shall unify the guidance technique and develop the technique in the district in cooperation with the society and the apex guidance organizations.
- (4) The hamlet leader shall assist the branch office's leader and take a guiding responsibility for the agricultural production groups.

Article 10. This group shall have the following meetings:

1. This group:
 - General Meeting(which consists of the hamlet leaders of the commodity-wise group and the officers).
2. Commodity-wise groups :
 - General Meeting (consisting of all members of the group).
 - Officers' Meeting
 - Branch Office Leader's Meeting
 - Meetings of the committees
 - Hamlet's Leaders Meeting (including the members of the committees)

Article 11. Meeting

1. This group and the commodity-wise producers' groups shall have their general meetings once a year, and discuss about the process of activities, the statement of account, the budget, the revision of rules, the re-election of officers and other important items. In addition, the special general meeting can be held if it is necessary.
2. The other meetings shall be held in accordance with the cases.

Article 12. The business year of this group is started from October 30th , and is finished on September 30th in the following year. The commodity-wise groups shall fix the business year by themselves.

Article 13. In the case of being expelled and withdrawal from the group, the member shall not be paid back the membership fee. Moreover, the member shall not be supplied the necessary matters and the production materials concerning the production and the marketing of products which are regulated by the bye law. -

Article 14. The expenses of this group and the commodity-wise groups shall be met out of the following incomes:
1. Membership fee (including the marketing surpluses), subsidies and contributions. Furthermore, the membership fee shall be fixed through the discussion at the officer's meeting, and collected from each of commodity-wise groups.

Article 15. The bye law of this group shall be enforced from November 18th, 1975.

Article 16. Detailed regulations on the contract of the consignment sale of vegetable products and the marketing shall be ruled separately.

J. M. Gunadasa*

Co-operation Among Members at the Local Level

Introduction

As to how co-operation among members prevails at the local level there could be variations from one country to another. To make generally applicable statements on the subject therefore, one should have a comprehensive knowledge of the practice of co-operation in different countries. The writer makes no pretence to possess such knowledge. What is presented in this paper, is based primarily on his knowledge and experience of the practice of co-operation in his own country — Sri Lanka. The presentation has benefited from the findings of a recent study conducted on Co-operatives for Small Farmers in Sri Lanka. The first part of the paper analyses the existing state of co-operation among member at the local level. Attempt has been made to highlight the causes for the prevailing characteristics of member-participation. In the second part of the paper some of the salient aspects of a strategy that can be used to stimulate member-participation are discussed.

1. Existing State of Co-operation among Members

1.1 Two Forms of Co-operation

Co-operation among members at the local level prevails in two forms. In one form it is simply an instinctive response to some of the needs that cannot be achieved through individual effort alone. In the other broadly, it is institutionalized and articulated collective action. We are more concerned with the latter because articulated collective action become more forceful in need-fulfilment; and institutionalization ensures its continuity for the benefit of all those who get together for collective action. Nevertheless, in our attempt to promote this form of co-opera-

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tion the natural tendency of people to achieve some of their needs by working on a collective basis cannot be ignored.

The people who feel helpless do not always think in terms of seeking solutions to their problems by resorting to collective action. Problem-solving behaviour of individuals is conditioned firstly by the beliefs they hold and secondly, by the conditioning effect of the socio-political environment. For example fatalists may attribute their problem situation to destiny, 'karma' or some mysterious unchangeable force. There may be others who believe that the solution to their helpless situation lies in performing certain rituals so that they change the harmful effects of the mysterious forces. At a mundane level the experiences of injustice, loss or failure resulting from attempts at collective action in the past may have left bitter and unpleasant feelings in some others. Dependence on the government, the politicians or other influential persons may be the modus operandi of still others. None of these persons would have much faith in organized co-operative action for solving their problems. Nevertheless, in a number of practical situations of life even these people believe in the need for collective or group activity though it may not be formally organized. Sickness, death, matrimony, agricultural work and religious activities are examples of such practical situations.

In instances of sickness, death, matrimony and agricultural work it has become obvious through everyday experience that one has firstly, to rely on one's own effort to solve the problem, secondly, assistance from others makes the solution easy and thirdly, there is reciprocity based on mutual understanding and sympathy. In a community where these three conditions prevail co-operation becomes a natural social expression. Starting from the rudimentary stage of informal collective action it even progresses to the stage of institutionalized collective action initiated by people themselves. Funeral societies, religious organizations and savings clubs are some examples of these. In them it is rarely that serious crisis situations develop. Nor do any external agencies or authorities supervise or guide their activities. But they function to the benefit of those who hold their membership. And as long as this situation prevails they continue to function. Normally, organizations of this sort are built around a nucleus of trusted leadership.

The type of co-operative activity described above, however, has only limited scope when a community gets exposed to modern aspirations, technological knowledge and the political process. Then new means for solving problems have to be employed. One of the unfailing result of this development is greater governmental intervention in the solution of problems which the individuals cannot cope with. When mixed up with the political process this situation leads to radical action and disruption of the established social order of a community. Outsiders unfamiliar with local situations begin to prescribe and impose new ways of solving problems. Institutionalized co-operation as we know it today can be treated as one such prescription imposed on the societies of developing countries.

The type of co-operation that has come into existence through governmental intervention is different from what the people are used to in their uninterfered social situation. Objective and procedures of formalized co-operation are wider and complicated. They are introduced by outsiders with whom the people at the local level are unable to have a frank discussion as equals. Moreover, the persons who introduce these new ideas and procedures do not have to face the consequences resulting from them or behave in conformity with them. Above all, the new type of co-operative activity is usually organized round a leadership that is either inaccessible or untrustworthy. Dependence on government, politicians or other external sources is over-emphasized to the neglect of self-reliance and voluntary group activity. Hence the type of co-operation that is promoted is in the first place, unintelligible to many people. Secondly, their personal experience, with institutionalized co-operation prevents them from believing that it could solve their problems. And thirdly, many find it hard to believe that it is their own organization. The result is that co-operation among members at the local level today has become only a superficial operation.

1.2. Characteristics of Member Participation

If one makes an attempt to identify as to how co-operation prevails among members at the local level a behavioural pattern characterized by the following activities can be observed.

- (1) enrolment of membership;
- (2) purchase of commodities;
- (3) obtaining loans;
- (4) selling agricultural produce;
- (5) attending general meetings or committee meetings.

1.2.1 Enrolment of Members

Enrolment to membership of co-operatives has become almost a matter of right for those who seek it. It is easy, taken for granted and does not instil a sense of duty and responsibility on the part of person seeking such membership. This is particularly noticeable in instances when the government uses co-operatives to implement some of its policies and the enrolment to membership is stipulated as a condition necessary to receive the benefits. People have a right to derive the benefits resulting from the policies of their government. If benefits cannot be derived without being a member of a co-operative they have a right to obtain membership in them irrespective of the opinion of the members.

According to the co-operative principles even though the majority of members of a co-operative have the right to refuse the admission of a person into membership if his admission is considered to be detrimental to the affairs of their society, often the exercise of such right is negated by governmental interference; co-operatives are persuaded or even compelled to admit persons to their membership. This is done by both direct and indirect means, officers in charge of promoting co-operation are instructed to persuade co-operatives to enrol persons into their membership. Even membership drives are launched to achieve pre-determined targets of membership increase. Whenever co-operatives refuse to comply with these directions their committees of management are changed by using the co-operative law itself to ensure that new committees which comply with governmental directions are appointed.

Interferences which suppress the will of the majority of members of a co-operative firstly attack the very basis of democracy, secondly, encourage individuals to disregard the opinion and the effectiveness of social pressure of the majority and thirdly, make the individuals dependent more on the government than

on their own harmonious collective effort. The most damaging effect is the sense of frustration the majority feel. With the repetition of interference eventually, they become a passive group. This is not all, people begin to be more individualistic and politically aligned than group-minded. The break-down of group-mindedness paves way for radicalism and even anti-social behaviour. Although again the government has to intervene to check such behaviour it is a poor substitute to more compelling social pressure of the group. But the latter can prevail, only when the will of the majority is allowed to prevail in grass-root level organizations like co-operatives. It is only then a person who is known to resort to dishonest acts and violence gets a chance to reform himself if he wishes to be accepted by the majority. But if such a person is also able to enjoy the same rights and privileges in a co-operative as a result of governmental intervention no longer does he need to take notice of the majority opinion. Here character reforming co-operation ends and arrogance and perversion of self-seeking individualism begins.

When a person obtains membership in a co-operative he should have some substantive stake in it. This commits and motivates him to safeguard the co-operative; because the membership status has made him identify the interests of the co-operative with his own interests. No longer can he afford to be indifferent about its management and activities. The situation however is different if a member's stake in a co-operative is insignificant: he is unlikely to be affected for either better or worse even if the co-operative is badly managed. This leads to member apathy and indifference and continuation of mismanagement and corruption: the co-operative then becomes the business of a few individuals and employees who cannive with them.

Allotment of the share of a co-operative is one way of making the members feel that they have a stake in it. For this the value of the minimum number of shares a person should possess to hold membership must be relatively significant. But when a co-operative fails to extend the services the members need or, extend services even to non-members there is little attraction for possessing shares and holding membership; people who need special attention continue to remain as non-members. A

government that is anxious to carry out its policies may not see the problem in this light. There are instances when the lack of interest to hold membership is interpreted in terms of the high value of shares and the inability of the poor people to buy them. Without further inquiry therefore, the value of the minimum number of shares that a person should buy to hold membership, is reduced to very low levels. In Sri Lanka for example, the value of a share of multi-purpose co-operatives was reduced from Rs.50.00 to Rs.1.00 on these grounds. This was considered as an incentive for enrolment to membership. And with such incentives the membership of cooperatives has increased. But the vital question is whether increase of membership in this manner serves any purpose for promoting co-operation.

People who are induced to obtain membership of a co-operative in the above manner are no different from the customers of any business organization. The money they pay to purchase shares is like an additional payment made to buy a commodity or a facility that is not available at other places. Once the transaction is over such customers lose any further interest in the business organization which supplied the goods. With a membership like this co-operative become the concern of a few influential persons. Members do not mind it as their loss would be insignificant even if the co-operatives are mismanaged.

1.2.2. Purchase of Commodities.

Purchase of commodities is another manifestation of member participation at the local level. But it can be so considered only if members always prefer to purchase their requirements at the co-operatives. This is not evident. What exists today is more an indirect form of compulsion than a preference to go to the co-operatives. As a result of government policy, co-operatives enjoy a virtual monopoly in the sale of certain types of commodities. Similarly, to purchase commodities which come under subsidy scheme like the food stamps scheme in Sri Lanka, invariably people have to go to the co-operatives. As they perform a distribution function on behalf of the government often they are unable to give preferential treatment to members as against non-members in the sale of commodities. A person need not be a

member to purchase his requirements at a co-operative.

Due to problems of management often co-operatives fail to provide a more competitive service than non-co-operative business concerns. In pricing, display of goods and the courtesy of salesmen the latter are often more attractive to customers. Hence even members of co-operatives do not hesitate to patronize private sector organizations if the commodities they want are available in them. One of the main attractions for members to patronize their co-operatives is the rebate that they are expected to give to their members in proportion to the amount of purchases made at the co-operative. When required goods are not available at the co-operative, however member purchases come down. Other factors like pricing and unsatisfactory service also discourage members from patronizing co-operatives. All this in turn reduces rebate the members are likely to get from their co-operatives. If the rebates distributed in the past have been insignificantly small due to this situation they cease to be an incentive for the members to patronize their co-operatives. Worse is the situation when rebates are not distributed at all. In practice very many co-operatives conveniently disregard it. Hence members do not see any difference *between* co-operatives and other business organizations. These circumstances weaken the relationship between members and their co-operatives.

1.2.3. Obtaining Loans

Provision of institutional credit is one of the purposes for which co-operatives have been set up in many countries. If members are able to fulfil at least 50 per cent of their credit requirements through co-operatives their participation in co-operation holds promise for further progress. But evidence from Sri Lanka and India shows that members depend mostly on sources other than co-operatives to fulfill most of their credit needs. Again implementation of government credit policies through co-operatives seems to be partly responsible. Especially, when the government credit policy becomes a part of an overall development plan the officials who are concerned with its implementation are anxious to achieve the targets set for the various components. For credit disbursement through co-operatives targets are also fixed. To achieve them co-operatives are

persuaded or even compelled to liberalise the lending procedures. Moreover, credit has to be given in haste according to a scheme drawn up not by co-operators but by outsiders who have neither a stake in nor a knowledge of co-operation. So much so, going only by calculations made by others co-operatives have been in the habit of issuing substantial amounts of loans at irregular intervals as and when new credit schemes are initiated by the government.

Only a small percentage of loans given under government-sponsored credit schemes are recovered in time: many members become defaulters and ineligible for fresh loans after the first round of borrowing. Through government intervention they are made once more eligible to receive fresh loans from the cooperatives by either writing off the loans or giving extension to the overdues. Until then the number of members obtaining loans from co-operatives remain at an insignificantly low level. Under these circumstances co-operatives and their members are pushed into a type of relationship that is harmful to the development of co-operation. It is not loyalty that motivates members to borrow from co-operatives, but the opportunity provided by the government. And the borrowers care less for the performance of their duties and responsibilities. This leaves in the minds of the members the impression that the proper management of co-operatives should be more the concern of the government than their own thereby making them an indifferent and irresponsible party as far as their relationship with the co-operatives is concerned

1.2.4. Sale of Agricultural Produce

The degree of member participation in the sale of agricultural produce cannot be regarded as any better. In the first place co-operatives do not provide facilities to purchase all the agricultural produce that members are prepared to sell. Purchases are restricted to a few crops like paddy, maize and some other crops which come under government marketing or pricing policies. It is seldom that initiatives for agricultural marketing are taken by the co-operatives themselves. One of the main reasons for this is the political alignment of the modern co-operatives. The members of the committees of management who derive their

authority and position more from the influence of the politicians than from the general membership pay considerable attention to carrying out those activities which are more pleasing to the politicians than to members. When this becomes the sole preoccupation of the committee of management of a co-operative there is neither the time nor the need for innovative thinking and action to satisfy the member interests.

Even in the purchase of those items of agricultural produce which are determined by government policy co-operatives do not show much concern. It causes no embarrassment to the politicians. On the other hand, non-intervention by co-operatives to purchase some of the agricultural produce may be advantageous to some of their officials and employees if they themselves are engaged in purchasing these produce in their private capacities. Even funds of mismanaged co-operatives are used for such private businesses. Under these circumstances both the officials and the employees of co-operatives become insensitive to the marketing needs of the members and the latter are compelled to patronize private traders or request politicians and other government authorities to intervene to compel co-operatives to provide the marketing facilities the members are badly in need of. This makes even the general membership dependent on politicians in getting co-operatives to serve their needs. The result of all this is that members have lost confidence in their own co-operative effort. They have been made to believe that what matters most is not dependence on co-operative action but reliance on politicians and governmental intervention. It is in no small measure that psychosis has hindered the progress of co-operation in developing countries.

1.2.5. Attending Meetings

General meetings and committee meetings are the opportunities that the members have to exercise their influence over the management of cooperatives. Of these two, general meetings are more important to the general membership. It is through participation in them that they are able to review and criticise effectively the policy and activities of the management. This enables members to influence the thinking and ideas of each other. And the process ultimately paves way for the majority

opinion to prevail in ensuring the standard and quality of management of cooperative organisations. It is only then that members begin to feel that the cooperative belongs to them and not to non-member politicians, or other influential persons. When there is opportunity for the majority of members to assert as and when such assertion becomes necessary they tend to think and act in terms of an independent interest group capable of managing their affairs.

The existing set up in many cooperatives is such that it is rarely that members are given the opportunity to exercise their proprietary rights. If we look at the Sri Lankan situation the bylaws of the most important type of cooperatives, the Multipurpose Cooperatives, provide for holding only the annual general meeting.

According to this the minimum number of general meetings a cooperative is required to hold during a year is only one. The importance attached to the need for holding more frequent general meetings is grossly inadequate. The bylaw itself encourages the committee of management to evade the responsibility of facing the general membership for as long a period as one year. The minimum of one meeting required by the bylaw can be held only to meet the statutory requirement without giving the members a chance to either review the progress of work or criticise management. The committees of cooperatives do in fact resort to such manipulations. Instances when general meetings are not held even once a year are not so rare. Whether a general meeting is held only once a year in this manner or not held at all matters very little insofar as its effect is concerned. Attendance at manipulated general meetings held once a year is low. Normally, they tend to consist of members who are either indifferent to what is going on or reluctant to offend the existing persons in charge of management. When general meetings are not held even once a year members give up interest in the management of their cooperatives more or less completely. With this the domination of the governmental authorities and politicians begins and member participation ends.

The constitution of the general meetings of certain types of cooperatives like the Multipurpose Cooperative Societies of Sri Lanka is such that not all members get the opportunity to participate in them. The maximum number of members who can

participate in them is restricted to 100. They also happen to be persons wielding influence with politicians and bureaucrats. It is mostly people of this type who get elected or nominated to the committees of management. Thus, the opportunity the ordinary members get to serve on the committees is restricted. The few who get such opportunity are unable to exercise much influence over the decisions of the committees which are dominated by politically influential persons. So even if committee meetings are held more frequently and regularly they do not offer opportunity for the effective participation of the ordinary members or their representatives. Thus, the large majority of cooperatives today continue to remain a passive group least involved in the management of institutions which are supposed to be their own. As long as this situation continues there is no possibility for the emergence of a cooperative movement that is geared to serving the interests of the large majority of its members. The success of cooperation depends on the active participation of the members themselves. And that must be based on the two elements, spontaneity and self-reliance. The fundamental question then is how could such participation be promoted?

2. A Strategy for Stimulating Member-participation

If the strategy of promoting member-participation is stated in simple terms firstly, those who are responsible for promoting cooperation must recognise the importance of member-participation. Secondly, there must be a policy commitment to promote it. These alone however do not ensure active member-participation as the form of cooperation that is currently practised is deeply entrenched in systems that members left to themselves are unable to change on their own. Therefore, thirdly they also need some form of support from outside by way of judicious intervention.

2.1. Intervention from outside

The need for intervention to promote cooperation is not at all a new concept. It has been recognised and operationalised from the very inception of the movement in almost all the deve-

loping countries. But the unfortunate thing is that it has been interpreted to mean any initiative taken by the government. As the degree of governmental intervention increased along with the spread of technology and expansion of trade and commerce intervention in the affairs of cooperatives also became an indiscriminate activity. What the government could not achieve directly was attempted to be achieved through cooperatives. Next to bureaucracy it is the cooperative movement that the governments of many developing countries have to implement the policies which affect the day to day living of the masses. When cooperatives fail on their own to provide relief to the problems of the large number of poor people governments are compelled to intervene. Often such intervention takes place in ad hoc fashion to solve problems which cannot be postponed till carefully worked out procedures and solutions are discovered. It is this form of intervention that has led to the destruction of member participation in a large number of present-day cooperatives. Indiscriminate intervention has also increased the government's administrative burden, accelerated costs and diminished efficiency. By means of a more judicious intervention a considerable part of this administrative burden and financial responsibility could have been passed over to the members, and the cooperatives could have been made more effective at lesser cost.

Still there is no specific method of intervention that ensures active member participation in cooperatives. This is yet to be identified by means of careful study and investigation on an empirical basis. Conceptualisation alone is inadequate as human behaviour is of central concern. Therefore, currently, there is considerable enthusiasm over the need to develop an appropriate methodology of intervention through a process of experimentation: studies and experiments are being carried out by a number of workers. Findings and insights based on these studies and experiments have thrown light on the vital aspects of such a methodology of intervention. But they need further scrutiny and verification. The rest of this paper attempts to bring these into focus.

As it currently prevails member participation in cooperatives is restricted to the five forms of activity discussed in the preceding section. This is only a very narrow view of it. And all the five

forms of activity referred to earlier are imposed on the members from above. Whereas they must be the manifestations of a voluntary involvement resulting from conviction and direct experience of the effectiveness of cooperative action. It is not an activity having an end in itself.

2.2 Group Awareness of Problems

When persons become members of a cooperative they come to an implicit agreement to work jointly to solve their problems. Member-participation materialises when they work together to achieve this purpose. The participation process should therefore, cover the whole range of activities beginning from the stage of problem identification. Problems of members are best known by members themselves than by outsiders. But individual awareness alone is not enough where collective action is necessary. The usual procedure is for an outsider to explain to the members what their common problems are. This deprives the members of the opportunity to participate in problem identification. From the beginning itself it creates a dependency habit in the members. They are expected to behave as passive recipients of ideas, suggestions and solutions to problems identified by others not too familiar with their own socio-economic situation. Outsiders may see the members' problems in a perspective entirely different from that of the members. It is far more satisfactory to allow the members themselves to comprehend their own problems by involving them in a process of discussion. Opportunity to exchange ideas among members who have similar problems gives them a sense of participation in identifying and clarifying their own problems in a much more realistic form. Moreover it strengthens the group consciousness that is so necessary for cooperative action.

2.3 Leadership Problems and the Need for an Intervention Agent

Members on their own however, do not get together for this type of discussions due to several problems. Lack of an acceptable cooperative leadership may be one of these. Although there are leaders for different purposes at the village level often a

majority of the members do not have much faith in them; but this is not made explicit for fear of reprisals and victimisation. Existing leadership at the village level is one connected more with politics than with cooperation. There is factionalism and rivalry between groups having allegiance to different political parties. Instead of one commonly accepted leader often there are several competing leaders out to create more disunity than concord among the villagers. People who are unwilling to get involved in factions do not like to follow any of these competing leaders. None of them is in a position to win over the confidence of the majority for organising cooperative action. Similarly, a person who is not accepted as a leader at least by a significant number of persons would not be followed by others through he may be prepared to take the initiative.

Even if a commonly accepted leader exists still he may not take the initiative on his own to organise people for collective action due to certain limitations. People themselves may not be ready to follow a given leadership if they are uncertain as to what would come out of their collective activity after following such leadership. As individuals everybody at the village level has these doubts and qualms. Both the existing leadership and the people may not be fully aware of the opportunities available to benefit from their cooperative action. What all this implies is that there must be someone from outside acting as an agent of intervention to stimulate and induce people firstly, to get together for exchanging ideas on their problems. With appropriate techniques of approach and competence it is not difficult for an intervention agent to perform this function successfully.

2.4 Group Discussions and the Role of the Intervention Agent

By simply providing the occasion for people to get together one may not ensure a meaningful exchange of ideas. An intervention agent has to play the additional role of managing the exchange of ideas and discussion among the persons who assemble for the purpose. For without this the discussions may not be conducted with any focus or orientation to identify and solve the specific problems of the people who come together. People at the village level left to themselves are likely to face difficulties in managing discussions to achieve this purpose. Problems

of leadership and rivalries can often pave way for disputes and misunderstandings as some persons would not be prepared to listen to or accept the ideas of others. It is in this respect that the competence of a trained intervention agent becomes useful. He can effectively direct the discussion to avoid the development of serious disputes and disagreement. His intervention could provide the opportunity for less vociferous participants also to voice their opinions.

When discussions are conducted as stated above the people who attend them get a sense of participation right from the very inception of the process of cooperative action. The other advantage of promoting this type of disciplined discussions is the possibility of building amity and greater understanding among the people at the local level. It also provides the right environment for the emergence of new cooperative leadership. But a word of caution is necessary to guard against the deterioration of this intervention process into a dependency relationship between the intervention agent and the people. The former can easily fall into this trap if he fails to clearly comprehend the nature and purpose of his role as an intervention agent. His function is neither to replace nor discourage the development of village level leadership. But this would happen if he attempts to impose his ideas on the people or performs the leadership role himself without assigning it gradually to persons who prove to be capable of it. Thus, the intervention agent has to be extremely careful to limit his intervention process to the necessary minimum.

The objective of intervention should always be to make the people self-reliant on a cooperative basis. Creation of the sense of dependence on an external agency for the materialisation and success of the cooperative effort is detrimental to the achievement of this objective. This is the very ingredient that ultimately destroys member participation. The need for participation arises when everybody feels that without his participation what has to be achieved through cooperative effort would never materialise. If there is an external agency to ensure this the need for participation and self-reliance ceases and dependency psychosis develops. This is harmful not only to the development of healthy cooperation but also to the overall national development of developing countries.

To ensure the participation of the largest number of persons, however three conditions have to be fulfilled. Firstly, the number of persons getting together for discussion and exchange of ideas should not be too large and unwieldy. Secondly, it should be a group consisting of people who belong to the same socio-economic class. Thirdly, all discussion should be promoted in an informal manner in an environment which does not prevent the participants from expressing their ideas freely without any feeling of embarrassment or fear.

Opportunity to participate in discussion in this manner almost naturally motivate people to arrive at some consensus relating to the problems they face and the ways in which they have to be solved. Again the intervention agent may have to make his contribution to this process by making the people aware of the complexities of the problem situation and the advantages and disadvantages of the alternative courses of action available to work out the solutions. Intervention of this sort would naturally make the people realise the advantage and effectiveness of cooperative action as a more dependable means of solving their problems. But care has to be exercised by the intervention agent to make sure that no undue hopes and promises are given to the people. This does not mean that people should be given the other erroneous view that every problem they have can be solved by means of their cooperative action alone. For there are certain problems which cannot be solved without the assistance of institutions other than cooperatives. A clear distinction has to be made between these and those that the people themselves can do when they are cooperatively organised. When members acquire this knowledge they get the ability to take an assessment of their capacity and limitations. Creating such awareness must be an essential part of the participatory process. People who get together to act on a cooperative basis must know not only to work on their own but also to get the assistance of others when they do not have the capacity or competence to do whatever is left.

2.5 Member Participation in Planning and Implementation

It is difficult to make a distinction between the two types of activities referred to above in general terms. Besides, such a

distinction is not meaningful to members from an operational angle. It is far more fruitful to make them aware of it by involving them in identifying and formulating specific project proposals considered necessary to solve the problems diagnosed. Participation in such an exercise given the members additional knowledge on the implementational requirements and the benefits of the projects identified. This is also an occasion when the implementability in terms of social viability of the projects gets tested. For, members will invariably express opinions on this with full awareness of their social background against which implementation has to take place. Without offering the opportunity for member participation it is extremely difficult for any outside expert to get an insight into this aspect of project implementation at the local level.

There is yet another aspect of project implementation that should receive careful attention, i.e. the technical aspect. Normally, members do not have sufficient knowledge on this to speak with authority and confidence. It lies within the professional competence of technically qualified persons. Hence co-operators must not only clearly identify the technical aspects of the project proposals they also should know from when and how pertaining to them has to be obtained. This points to the need advice for holding discussions with relevant technical personnel. Even in such discussions, as far as possible, importance of member participation should not be forgotten.

In the involvement of members in discussions with technical personnel precaution has to be taken to prevent the occurrence of confrontation between the two parties. As it is, due to the non-involvement of the members in such discussions they are not aware of the problems the technical personnel have to face. Similarly, the technical personnel may not have the type of orientation necessary to appreciate the problems and hardships of the people at the village level. Hence when the two parties are involved in discussion, to start with, there is bound to be misunderstanding. People at the village level begin to criticise the technical personnel while the latter attempt to pass over the blame and responsibility to either people or politicians. If this mutual fault-finding is allowed to develop in a discussion session irreparable damage would be caused to the cooperative effort of the people at the village level. In the end they will be

the losers. Success of their cooperative efforts depends to a great extent on the goodwill of the technical personnel the cooperators are able to build in the course of their discussions with them. For this cooperators must learn to appreciate the problems and difficulties of others. And it is through this process that the correct relationship with the technical personnel has to be established. Members may not get the orientation for this without the initiative of an intervention agent.

After the identification and initial formulation of the projects therefore, it is desirable that the intervention agent makes the the first contact with relevant technical personnel to brief them about the projects and examine their feasibility from a technical angle. What transpires out of such discussion can then be conveyed to the members for further discussion among themselves. In the course of discussion with members it should be possible for the intervention agent to prepare the background for joint discussion with the relevant technical personnel. It is important to explain to members the implications of these joint discussions and point out the need for maintaining constructive relationships with technical personnel. Intervention agent can use these occasions for promoting leadership development by encouraging suitable persons to accompany him when he conducts such discussions. But this must be done judiciously to avoid the selection of persons not acceptable to the majority of members. Unless the intervention agent is observant and alert all the time there is the danger of his actions too being suspected. If that is allowed to happen no more will he be able to proceed with intervention work.

At the joint discussions of the technical personnel and the people it should be possible to arrive at decisions that are acceptable to all parties concerned. This ensures greater commitment to cooperative action. And without such commitment it is hard to implement projects successfully at the village level. From this point onwards it is more a matter of implementation. But in this also people must be involved. Individual members could be assigned specific implementation tasks. At the stage of follow-up and monitoring, problems of implementation must always be brought to their attention and they must be made responsible for working out appropriate solutions.

What all the work described above implies is that the interven-

tion agent has also to function in the capacity of a village level coordinator in bringing people, technical personnel and institutions at different levels into a meaningful relationship. He also has to function as a researcher planner and a trainer. Cooperative member education must be a part and parcel of this process. It should not be an independent exercise. To play all these roles successfully the intervention agent must have knowledge as well as competence. The type of knowledge he needs most is that related to the socio-economic situation of the people in the village areas and the nature and effectiveness of services extended to them by the existing institutions including cooperatives. A knowledge of these aspects can be acquired by conducting few simple field investigations. To gain competence there is no alternative to being engaged in this type of work for a sufficient length of time under the guidance and direction of a programme specially drawn up for this purpose. And this is a matter for which initiatives have to be taken at the national level.

When people are educated, motivated and promoted to organise themselves for cooperative action as outlined above it becomes a process of member participation at all stages and levels of their problem solving activity. This is what cooperation in practice should be. Member-participation is the essence of it. Concentration of effort to discover ways and means of stimulating member-participation therefore can be regarded as an innovative step taken off the beaten track.

Report of Commission-I

**Subject : Cooperation Among Members at
the Local Level**

Introduction

The Chairman welcomed the participants and referred to the two papers on the subject Cooperation Among Members at the Primary Cooperative Level as presented earlier by the resource persons from Japan and Sri Lanka.

By way of introduction, the Chairman remarked that the two presentations provided two different situations of cooperation among members at the local level in the South-East Asian Region.

The following questions were presented to the Commission for deliberations:

1. What in your opinion are the elements that constitute the strength of a cooperative society at the primary level?
2. What approaches and strategies would you recommend to make a cooperative organisation strong and effective?
3. How should a cooperative maintain suitable relationship with other institutions and the government agencies at the local level and other levels?

Concerning question No. 1, the important elements of strength of a cooperative as laid down by the Commission are as follows:—

1. Motivated membership participation
 2. Constructive and dynamic leadership
 3. Viable size of cooperative
 4. Effective management
 5. Government recognition
 6. Community acceptance
1. Motivated membership participation on a cooperative

basis involves —

- common problem and/or need identification
- participative planning for solution
- implementation of the planned programme, and
- education for imparting knowledge to create attitudinal change and to provide the necessary skills.

2. Constructive and dynamic leadership is one that is trusted and able to take initiative with a sense of commitment. It should have the following qualities:

- awareness and faith in the effectiveness of the cooperative method as against any other methods.
- ability and willingness to take initiatives in the interest of members on a democratic basis.
- leadership must be trusted and acceptable to the members

3. Viability of size must be in terms of membership, area of operation and business operations.

4. Emphasising the necessity of full observance of cooperative principles especially democratic control, the Commission was of the opinion that effective management should have the following main features:—

- organisational and structural relationships among the components of the system.
- skilled and trained manpower.
- constant supervision and vigilance by members.
- active participation by the whole range of the personnel involved in the management system including employers and officers.

5. Government Recognition and support

It was recognised that the cooperative movement would not be able to grow and sustain its growth and development independent of the governmental and political constraints of the countries in the region. It was therefore agreed that recognition and support by the government without undue interference would be a positive step to strengthen the cooperatives.

6. *Community acceptance*

It was also recognised that the cooperative movement cannot exist in a vacuum. Hence it was felt that acceptance by the community is an equally important factor in the strengthening of the cooperatives.

With respect to Question No.2, the Commission deliberated on the approaches and strategies that may be adopted to strengthen cooperative organisations and to make them more effective. And the following suggestions were made:—

1. There has to be recognition of the needs and identification of problems of the community in terms of priorities and also, in order not to duplicate unduly needs and demands that have already been fulfilled.

2. Clear objectives need to be set which are attainable within the resources available to the cooperative. These objectives should be categorised or classified into those which are short-term and long-term.

3. Planning involves an appraisal of the programme and its objective in relation to the economic factors within the framework of cooperative operation that includes the principles of volunteerism, democracy, service-oriented member ownership, etc.

- the human element must also be included and involved in the planning process. This involves development of leadership, manpower, member education, confidence of the community and influence on the policy-makers.
- the means to achieve the objectives are equally important in the planning process. This involves an appraisal of the physical, financial, manpower, sectoral, locational and communication aspects of the plan.
- the time element needs to be taken into consideration in order to set up target and evaluate the performance of the planned activities.

4. *Implementation.*

In the implementation stage of the plan, it is necessary to take the following steps :—

- Develop appropriate strategy for community acceptance, mobilisation of members and funds, getting the right leaders and dedicated and suitable staff and manpower as well as strategies for members education, the proper training for the personnel requirement which include motivation and orientation. Strategies need also to be developed to establish good member and public relations as well as government recognition.
- Strategies once mapped out and developed should be followed with provision for monitoring and follow-up to determine how they have attained the planned activities.

5. Review and Evaluation.

This involves study of strengths and weaknesses in the whole gamut of the cooperatives development plan, strategies and implementation processes. The feedback from these investigation and evaluative efforts should be incorporated into more refined development plans for the future.

In addressing itself to Question No. 3 on how should a cooperative maintain suitable relationship with other institutions (which include cooperatives as well as non-cooperative bodies) and the government agencies at the local and other levels, the Commission recommended the following :—

1. Seek areas of common interest.

This is necessary in order that the common interest of the respective institutions and government agencies at the various levels could be established so that they may be brought together to serve a common purpose.

2. Seek areas of complementary interests.

There is a need also to establish interests which are complementary to one another among the respective institutions and government agencies at the various levels. This would then promote among the institutions concerned an integrated system of linkages which would be mutually beneficial to all parties concerned.

3. Develop the commonalities and complementarities of interest.

In order to sustain the above mentioned efforts, it is necessary to develop the areas of common interests as well as those which are complementary so that common objectives may be pursued without undue conflict and overlapping of functions.

It was also felt that the initiative for the above mentioned steps would depend on the various levels at which such linkages are to be developed. For instance, if the institutions and agencies concerned are able to manage the activities at the local level then the local cooperative may not need the assistance or intervention of an apex cooperative body to intercede on its behalf. On the other hand, if the problem transcends local issues, it may be more appropriate for the apex body to take the initiatives.

In order to achieve this mutual understanding, it was suggested that more frequent dialogue and communication system be established by the cooperatives at the various levels. These efforts call for the sincerity and sensitivity on the part of the cooperative leaders in what is happening in the local and national environment. It's only then that the cooperative and the other institutions as well as the government agencies could achieve a mutually beneficial relationship that would be of mutual benefit to all concerned.

Commission-II
“Cooperation Among
Cooperatives Within
a Country”

P. R. Dubhashi*

Cooperation Amongst Cooperatives Within a Country

There are two aspects of cooperation amongst cooperatives within a country, namely vertical and horizontal.

The need for cooperation amongst the cooperatives, vertically, arises because the cooperatives function at various tiers or levels. Cooperatives are built from bottom upwards and hence, it is the primary cooperatives which are the foundation of the cooperative movement. The primary cooperatives consist of individuals—the members of primaries who come together on the basis of the principle of self-help and mutual help for rendering an appropriate service to fulfil a need which, as separate individuals, they are unable to fulfil in a satisfactory manner.

Thus, *the primary credit cooperatives* may consist of small farmers. Traditionally they have been exploited by the money-lender who would lend at exorbitant rate of interest and would eventually deprive the farmer of his only productive asset, namely, land. Such farmers may constitute a thrift and credit society.

Similarly, traditionally farmers have been unable to get remunerative price for their produce. The prices would typically collapse in the post-harvest season and the trader who is often a money-lender, would buy the produce at low post-harvest price only to be sold at an exorbitant price later in the lean season. A *marketing cooperative* would enable the pooling of the produce of the small farmers and could arrange to sell it at a more remunerative price by giving the farmer members a better bargaining position vis-a-vis the traders. As a part of the marketing function, it could also provide the farmers' services of storage, packaging and transport and even of processing the primary produce.

The workers and the artisans with nothing but their labour and skills to sell are often exploited by the capitalist. He has the

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resources to buy the raw material and sell the finished products. He corners high profits conceding only a pittance of wages to the workers. *Industrial cooperatives* could provide common facilities, supply raw material and arrange for marketing and thus enable the artisan to get a fair share of the sale price.

The consumers with small incomes are often charged higher prices by the merchants specially for the goods in short supply. The trader makes inventory gains by cornering the stock of scarce commodities. Some times, the consumer is duped by the sale of adulterated commodities or by short weight and measurement. It is possible for the consumers then to come together and form a *cooperative stores* which could arrange supply of essential commodities at fair prices to the ordinary consumer.

In cities, urban rents are escalating and building sites are difficult to come by. A cooperative could help by enabling a small man to own a flat in a cooperative housing society or a house of his own on a site in a layout of a cooperative society.

Cooperative Federalism

However, a small primary cooperative society by itself may not be able to provide all the services and might well require the support of a larger organization. This is where the primaries come together to form a collective organization, a cooperative at a higher level to which all of them are affiliated. The members, the primaries and the cooperatives at the higher tier (one or more than one) all constitute what is called the cooperative federalism. The primaries provide services to the members and the cooperative at the higher tier, provide support and services and common facilities to the primary or lower tier cooperatives. The cooperatives at the higher tier may be at two or three levels. In a small country, the cooperative federalism may consist only of two tiers. In a large size country, it may consist of four or five tiers. Some examples of the common services to be provided by cooperatives at the higher tier may be given. Thus, in the field of *credit* cooperatives at the higher tier enable the supply of loanable resources to the primary cooperatives by either borrowing from other financial institutions or by raising deposits. A higher tier cooperative in the field of *agricultural marketing* could provide facilities by construction of storages or

by arrangements for grading, standardisation, packing and processing in the terminal market and by arrangement of exports. In the field of *industrial cooperation* higher tier cooperatives could often procure raw material at reasonable prices and set up large emporia in major consumer centres within the country or abroad. In the field of *consumer cooperation*, the cooperatives at the higher tiers can set up ware-houses and arrange for supplies of articles at concessional costs directly from the manufacturers, on terms more favourable than could be arranged by small individual consumers cooperatives. In the field of *housing*, a cooperative at the higher tier can procure financial resources and building materials. In all these fields, the cooperatives at the higher tiers can provide expert services for planning, project preparation, monitoring, guidance and recruitment of personnel. The higher tier cooperatives can maintain cadre from which persons could be drafted to provide efficient management to the primary cooperatives. Cooperatives at the higher tiers can also arrange for staff training and member education.

Vertical aspects of cooperation amongst cooperatives

In the normal evolution of the cooperative structure, the cooperatives at the higher tier would owe their origin to the initiative of the primary cooperatives, since cooperatives federalism is built up from bottom upwards. The cooperatives at the higher tiers not only owe their origin but also their subsequent existence to their primaries. The only *raison detre* for cooperatives at the higher tiers is their ability to render common services to the primaries.

Thus, the cooperatives at the higher tiers are answerable to the primary cooperatives and primary cooperatives to their members. The cooperatives at the higher tiers can justify their existence only in terms of the service rendered to the primaries. This should be the normal pattern of relationship between the cooperatives at various levels.

This pattern which could be accepted in any normal pattern of cooperative federalism does not always exist, specially in the developing countries. One of the reasons may well be that the cooperatives at the higher tiers do not necessarily come into existence in response to the felt needs of the primaries. They are

often conceived of in a priori fashion. Because of the major role that the administration plays in the process of the development as a whole, cooperatives at higher tiers may be formed only to correspond to the administrative boundaries like the nation, the state, the region or the districts. The societies are registered at the higher level even when the primaries may not have felt the need for cooperatives at the higher tier or may not have taken any initiative in bringing into existence the cooperatives at the higher tier.

When cooperatives at the higher tier come into existence in this fashion, they may not think of their work only or even mainly in terms of the services they render to their primary constituents. They may develop a personality of their own and may start thinking of themselves as separate business entities. In any case, their work assumes two dimensions, namely:

- i) Their work as promotional agencies and
- ii) Their work as independent entities.

Often, their work as individual entities gets the better of their work as promotional agencies.

When this happens, the relationship between the primary cooperatives and the cooperatives at the higher tiers and the *interse* relationship between the cooperatives at the higher tier may start becoming competitive rather than cooperative. They may start under-cutting each other for the same quantum of business. The cooperatives at the higher tiers may even indulge in practices which are detrimental to the cooperatives at the lower tier and the primaries. For example, they may insist on charging commission without rendering services. The cooperatives at the higher tier may obtain privileges from the state and then use their privileged position for imposing un-reasonable terms on their own primaries. Thus, cooperatives at various tiers start working at cross purposes. This must be considered to be a distortion and a caricature of the ideal system of cooperative federalism.

But it is not as though the cooperatives at the higher tiers are always at fault, the primary cooperatives may often suffer from various disabilities. The management of primary cooperatives may go in the hands of vested interests who are opposed to high

standards of business management, having in mind purposes which are not consistent with a long-range development of the cooperatives. Thus primaries may refuse to have the facilities of a common cadre of qualified staff and may insist on their own recruitment of known people though this may amount to nepotism. They may develop relationship with outside organisations for services which could better be rendered by their own federal organisation. They may oppose all plans of rational re-organisation of the cooperative structure. This may, invite deterioration rather than growth and improvement in the cooperative organisation.

There may be, however, another situation where the primaries are unable to avail of the services rendered by the cooperatives at the higher tier because they find that the services rendered by the cooperatives at the higher tier either unsatisfactory or un-economic. Thus, a primary consumer cooperative society might find out more economic to procure their supplies from the wholesale market rather than from the cooperative whole-sale consumer store since the latter provides the supplies at higher prices. Such situation often arises because of the incompetence and inefficiency of the cooperatives at the higher tiers or because of certain margins and commissions charged by the cooperatives at the higher tiers. It is, therefore, obvious that one of the pre-conditions of fruitful functional relationship between the primaries and cooperatives at the higher tier is the ability of the cooperatives at the higher tier to render services which are efficient, economic and satisfactory in every way. It is futile to invoke cooperative loyalty as a basis of mutual relationship between cooperatives even in the same sector when this loyalty is not backed up by manifest advantage arising out of sound business transactions.

There is one more caveat to be entered into. Some times, in order to break the cooperative system, other business organisations which are inimacally inclined, may deliberately try to wean away the primaries from the higher tier cooperatives by offering temporary advantages which may be withdrawn later. It is for the higher, tier cooperatives, then to convince the primaries of the long-term advantages of the mutual transaction.

In any case, it is obvious, that mutual trust, confidence and loyalty could rest only on the strong foundation of efficient

and competent service and mutual economic advantage.

Horizontal Aspects of Cooperation Amongst Cooperatives

While vertical aspects of cooperation amongst cooperatives deal with relationship amongst cooperatives in the same field of activity but at various levels, the horizontal aspects are related to cooperatives working in different fields of subject-matter areas. Thus, they deal with the relationship between the producers' cooperatives and consumer cooperatives, farmers' cooperatives and workers' cooperatives, or between credit cooperatives and non-credit cooperatives.

(1) Relationship between Producers' cooperatives and the consumers' cooperatives

It is the objective of the producers' cooperatives to provide services to their members for the sale of their products at the most remunerative price and pass on the benefit to the producer. It is the objective of the consumer cooperative to procure for their members commodities needed by them at most reasonable prices. However, the producers are frustrated in their effort to get a remunerative price because of the monopoly and dominance of the traders who buy their commodities in the market which are often un-organised. Similarly, the consumers are frustrated in their effort to procure essential commodities at the reasonable prices by the merchants, who charge high prices or pass on to the consumer adulterated products. Both producers' cooperatives and consumer cooperatives in such situations stand to benefit by direct links with each other. Such direct links would eliminate middle-men's exploitative margins and enable both the producers and consumers to gain simultaneously. The producers' and consumers' cooperatives can enter into long-term contracts for mutual benefit.

(2) Cooperation between the Farmers' cooperatives and Workers' Cooperatives

Farmers often require improved implements which are not readily available in the market. On the other hand, carpenters

and black-smiths in the rural areas may be under-employed. Both can stand to benefit if workers' cooperatives can produce improved tools and implements and sell them for farmers' benefits.

Another example of such horizontal relationship is between the agriculture producers of raw material and their industrial consumers. Handloom weavers require yarn and they could set up a weavers' cooperative yarn mill. The cooperative of producers of cotton can supply their product to the workers' cooperative yarn mill on mutually beneficial terms. A further cooperation between farmers and workers or weavers would be for both of them to jointly own the yarn mill.

(3) Credit cooperatives and non-credit cooperatives

The cooperatives, whether of farmers, workers or consumers, require credit facilities. There has, therefore, to be close linkage between the credit and non-credit cooperatives. For example, marketing cooperatives could get marketing credit from cooperative bank. Often, membership of the banking cooperative and marketing cooperative would be the same. However, the two institutions are distinct. While the marketing cooperative can benefit by finance made available by a cooperative bank, the cooperative bank could itself make use of the sale proceeds of the marketing society to recover the loans given to its members. This is called linking of credit with marketing which is possible through cooperation between the credit cooperatives and marketing cooperatives.

We often think in terms of cooperative commowalth or a cooperative system. It is through the development of vertical and horizontal linkages that the cooperative system could be built up. However, these linkages are often tenuous. I have already explained the strains caused to the vertical relationship between the cooperatives. As regards the horizontal linkages, they are even a more difficult to develop. The most successful dairy cooperative in India does not use the medium of consumer cooperatives for the distribution of its products but has entrusted the sole agency to a private organisation. The consumer department stores do not display the fruit products of cooperative processing units but those of a private enterprise. Farmers'

cooperatives do not use the product of the cooperatives of industrial workers. Marketing cooperatives are reluctant to take responsibility for the repayment of production loans issued by the cooperatives. Under a fiat of the government, primary cooperatives get linked to commercial banks. All these are examples of the obstacles in the way of development of cooperation amongst cooperatives between various sectors. However, the potentialities of the cooperative system cannot be fully realised without maximum mutual cooperation within the cooperative system-vertical as well as horizontal.

Organisational Linkages

In order to develop effective functional linkages between cooperatives at various levels and in different sectors, it is necessary that there should be corresponding organisational linkages.

Vertical linkages are implicit in the very structure of cooperative federalism. Thus, the general body of the primary cooperatives consist of all the members and that of the cooperatives at the higher tiers consists of the representatives of the primary cooperatives. Where the number of primary cooperatives is very large, there might be a representative general body of the higher tier cooperatives. In India, the Indian Farmers Fertilizer Cooperative has a membership of about 27,000 individual cooperative societies; it is not possible for the representatives of all these cooperatives to meet in a single general body. The small cooperatives are, therefore, organised in terms of electoral colleges which send their representatives to the general body. Similarly, if in a district, there are very large number of primary cooperatives affiliated to the district cooperative central bank, arrangements could be made for the primaries to elect their representatives to the general body. The general body of the representatives of the primaries elect the board of directors of the cooperative at the higher tier. Thus, the board of directors of higher tier cooperatives essentially represent the interests of the primaries. One should, therefore, normally expect that the policies and programmes of the higher tier cooperatives would be essentially to support all the activities of the primaries. In other words, organisational arrangements

would only promote functional linkages. It has, however, been pointed out above, that in practice instances have been found where the higher tier cooperatives have developed a personality of their own and have indulged in activities which are at cross-purposes with those of the primaries. This only shows that mere organisational linkages are themselves not adequate to promote functional cooperation. Conscious efforts need to be made to develop and integrate plans, programmes and policies of the higher tier cooperatives with those of cooperatives at the primary level.

Where there is more than one tier above the primary, as is usually the case, a point may arise whether the general body of the cooperative at the higher tier must consist of the representatives of only those cooperatives at the tier immediately below or of representatives of all the tier below including the primaries. The former could be considered to be the normal system of cooperative federalism. The latter is advocated as a method of making the highest level cooperative broad-based, deriving direct support of the primaries. However, in such a system the cooperative of the highest tier might develop direct linkages with the primaries by-passing the intermediate tiers. This might create conflicts/rivalries between cooperatives at the higher tiers.

No such automatic organisational devices are available to promote functional cooperation between cooperatives in different sectors. It is necessary, therefore, to make a deliberate and conscious effort to build up devices to promote cooperation between cooperatives in different sectors. One such device is that of inter-locking representation. Thus, the producers' cooperatives may have on their Board the representation of some consumer cooperatives and vice-versa. This is done by cooption. This then becomes an in-built device for promoting mutual cooperation. Another device is that of the constitution of inter-cooperative coordination committees of cooperatives in different sectors which can formulate and promote joint plans of action. The third device is the constitution of general cooperative unions on which there are representatives of cooperatives of all sectors. The general cooperative union would then be responsible for promoting cooperation amongst cooperatives in different sectors and hinder hindrances to cooperation amongst cooperatives. Finally, there may be orga-

nisations jointly promoted by cooperatives in different sectors.

Organisational devices, however, are not by themselves enough. There has to be a vision of a "cooperative commonwealth" or a "cooperative system" which should be shared by cooperatives in all sectors. Without such vision, mere organisational devices are a body without soul. It is the shining vision of cooperative commonwealth which must be promoted and this is the supreme task of cooperative education.

In the context of what is discussed in this paper the seminar could well consider the following issues:

1. Can we clearly identify the specific vertical and horizontal linkages between cooperatives within the country?
2. To what extent have these linkages been developed in practice?
3. If they are not fully developed, what are the constraints?
4. By fully developing these linkages, can we establish a cooperative system? and
5. What would be the advantages of such a full-fledged cooperative system?

Summary

There are two aspects of cooperation amongst cooperatives within the country namely, vertical and horizontal. Cooperatives in any sector work at various tiers or level and constitute a pyramid of "cooperative federalism". Vertical cooperation refers to the linkages between cooperatives at various levels. The higher level cooperatives are meant to provide support and services to the cooperatives at lower tiers.

However, sometimes the cooperatives at the higher tiers act more as independent entities rather than promotional agencies. This makes for conflict and working for cross-purposes. Devices have to be found out to avoid such situations.

The horizontal aspect refers to cooperation amongst cooperatives between various sectors—relationship between the producers' cooperatives and consumers' cooperatives, farmers' cooperatives and workers' cooperatives, credit cooperatives and non-credit cooperatives. Relationship between the cooperatives between various sectors could be built for mutual business advantage.

There must be organisational relationship to correspond with the functional linkages. The vertical organisational linkages are a built in feature of the vertical cooperative pyramid. The horizontal linkages have to be developed through special devices like inter-locking representation or Inter-Cooperative Coordination Committees.

When functional and organisational relationships are fully developed, a cooperative system comes into existence. This should be the goal of cooperation amongst cooperatives within a country.

Ms. Nelia T Gonzalez*

“Cooperation Among Cooperatives at the National Level”

Introduction

This paper is prepared purely in the context of the Philippine experience, in the spirit of sharing with the other movements in the Asian region and in the hope that somehow, this would at least prove interesting—if not useful—to those with whom we share our experience.

The paper will attempt to give a brief, albeit broad backdrop of the new cooperatives development programme, the better to understand the moving considerations which went into the planning and subsequent implementation thereof. We will also try to highlight at what stage of development we now are, as well as our expectations, and our forward plans and programmes, all aimed—as we hope it will immediately become apparent—at underscoring the main theme of this paper, which is Cooperation among Cooperatives at the National Level.

Background

The first cooperative we know of was organised in 1907. Although this was registered as a cooperative under the general cooperation law for lack of a special cooperative law which came into being only in 1915.

This was followed by the enactment of several later pieces of legislation seeking to promote, and/or regulate different lines of cooperative activity. Unwittingly, this resulted in fragmenting the movement, and while in fact not intended, this state of affairs literally presented cooperatives of different types, governed as they were by different laws, from coming together and translating into purposeful activity the time-honoured principle

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of cooperation among cooperatives. This is in fact one example of how legislation can effectively retard the growth and progress of cooperatives.

It was against this backdrop that the new cooperative laws, Presidential Decree No. 175 was promulgated on April 14, 1973. Entitled "Strengthening the Cooperative Movement", it represented the initial effort at consolidating the different cooperative laws into one, at the same time seeking to provide a sound agricultural base which would serve as the springboard for the systematic development at an integrated cooperative programme, under the umbrella of just one agency of the government. This agency used to be the Ministry of Local Government and Community Development, it is now the Ministry of Agriculture.

The New Cooperatives Programme

The programme was pursued initially in four developmental stages:

Stage I—organisation and development of Samahang Nayon — a village-based organization composed primarily between 25-200 farmers. Initially limited to savings activities and as channels for education and discipline, after some time and depending on the stage of development of a Samahang Nayon, the concept was relaxed to allow a Samahang Nayon to convert itself as a cooperative, with full powers to engage in economic and service-related activities.

Stage II—organisation of full-fledged cooperatives made up of Samahang Nayon as the first institutional ties in the ownership structure, such as Area Marketing Cooperatives, Cooperative Rural Banks, and other types of cooperatives such as consumer, credit, production, industrial, marketing skte other types of cooperatives.

Stage III—organisation of fairly large consumer supermaru-l- with a twin purpose: to provide adequate outlets for agricau tural produce, and to service the consumer needs of its memd bership.

Stage IV—the process of federating cooperatives at higher levels to bring about integration, establish the proper and necessary linkages between different types of cooperatives,

thereby creating a favourable climate for interaction at these levels.

Status of the Programme

Samahang Nayon

As of March 31, 1981, there were 21,049 Samahang Nayons organized all over the country, with a total membership of 1,034,122. Of these organized, 18,343 SN have been registered (acquiring juridical personality) with 940,594 members. The total accumulated savings of these Samahang Nayon amounted to Pesos 98.40 million, classified as follows; General Fund—Pesos 21.61 million, Savings Fund—Pesos 43.26 million and Guarantee Fund—Pesos 33.53 million.

Area Marketing Cooperatives

The area marketing cooperative is established by Samahang Nayon as their marketing arm on a multi-municipal or provincial level. Its main functions are to procure and distribute production inputs needed by farmers and to store, process, transport and sell farm produce. A minimum paid-up capital of Pesos 100,000.00 is required to organize an AMC.

As of March 31, 1981, there were 43 operational AMC's with combined paid-up capital of p9.6 million and total resources of p48.78 million. There were 3,872 SN affiliated with these AMC's with a total individual membership of 215,403.

Cooperative Rural Banks

The cooperative rural bank is organized as a financing arm of Samahang Nayon and their members. The minimum paid-up capital necessary to operate a cooperative rural bank is p500,000.00.

As of March 31, 1981, there were 24 CRBs licensed by the Central Bank Monetary Board with a combined paid-up capital of p34.55 million. Affiliated with these CRBs were 5,736 SNs with a total individual membership of 251,098. The total resources of these CRBs figured p81.49 million and they have

loaned out p57.754 million to 25,181 farmers.

This stage also involved the re-registration of old cooperatives and registration of new ones under Presidential Decree No.175. As of March 31, 1981, among the old cooperatives, 1,520 have been re-registered and the new ones registered number 876, broken down by types as follows:

	OLD	NEW	TOTAL
Credit	999	257*	1,256
Consumers	322	269	591
Marketing	135	108**	243
Producer	10	26	36
Service	40	153	193
Federation	13	30	43
Coop Unions	1	33	34
TOTAL	1,520	876	2,396

* Includes 24 DRBs

The third stage was the establishment of market outlets for farm produce. In addition, there have been organized vendors cooperatives in Metro-Manila area. These vendors cooperatives organized the Manila Market Vendors Service Cooperative or "MAMVESCO" for short.

The fourth stage was the integration of cooperatives by way of federating them on different levels. This also involved operational linkages among cooperatives. This resulted in the setting-up of various federations by type and the organization of 13 regional cooperative unions and the Cooperative Union of the Philippines which had been designed to be the umbrella organization of the Philippine cooperative movement. All cooperative sectors are represented in the Board of Directors of CUP.

Additionally, there are now specialized cooperatives operating at national levels. These are:

1. The CISP—the only insurance cooperative in the country which now covers with life insurance approximately 80,000 members of cooperatives, with assets now amounting to p 11 Million.
2. The National Publishing Cooperative designed to

handle the design and production of the media requirements of the cooperatives for education and information, with an accumulated gross service income amounting to p19 Million (M) as of reporting date.

3. The Cooperative Marketing System of the Philippines with assets of p43 M and accumulated sales volume of p91 M for produce and p14 M for farm inputs.

There are regional-level cooperatives too:

1. Metro-Manila Consumers Coop—which runs the supermarket called “Super-Palengke” with a total gross volume of p234 M since start of operations.

2. The Metro-Manila Savings Cooperative with total loans granted amounting to p3.6 M; and

3. The Cagayan Valley Development Cooperative with assets amounting now to p22 M.

The Samahang Nayons have now themselves federated at different levels up to national level; the Cooperative Rural Banks have done the same and this trend is expected to continue all in an effort to integrate with one another and in this way maximize utilization of scant resources.

Our attempts at integration are also very apparent when one looks at the structure of the apex organization, the Cooperative Union of the Philippines. Its membership may be divided into four general categories: the regional cooperative unions, the Samahang Nayon Structure at national level, business federations, and other cooperatives-oriented national-level organizations.

Some Lessons from the Past

1. Role of legislation—on the basis of our experience, legislation can in fact be a hindrance to or a developmental mechanism for, integrating which in turn would mean for us creating a favourable climate for cooperation among cooperatives at national level. It used to be that we had one law for the so-called non-agricultural cooperatives and another law for those categorized as agricultural cooperatives. The non-agricultural law contained provision for a cooperative union—but only between and among those registered under its provisions. The agricultural cooperative law did not contain any such provisions at all. This was not a healthy climate, and fortunately

this artificial wall was demolished by the new cooperative law

This in fact resulted in some absurdities at some earlier point of our history. Fishing in the high seas was considered non-agricultural, while fishing in inland waters and lakes was agricultural.

The point being made is that when legislations affecting cooperatives are being considered, the movement itself must manage to make itself heard, lest unwittingly, legislation is passed that would effectively stifle instead of enhance the growth of cooperatives.

2. Ownership and Organizational Structures: Their Effect on Integration. In a way, this is also related to the first point but in a slightly different context. Where a cooperative law does not contain enough flexibility and straight-jackets—so to speak—such vital matters as ownership and organizational structures, then this may bring about circumstances unfavourable to growth and development which even the legislators themselves may not have foreseen.

An ideal situation would be to provide just a broad framework and allow a maximum interplay of all economic forces—individual, institutional, government and private sector, in the manner best suited for servicing the needs of the membership. We like to think that with the passage of the new law, we have passed this bridge already, and although growth is slow, the development line is on the uptrend, not curving downwards.

3. The personality problem. When one talks of mergers, consolidation, even just federation—one invariably runs into what I might best call the personality problem. Which one goes up, and which one goes down, is a question that always causes problems. We do not know of any sure—fine solution to this, but we do feel that in the end, orientation, dedication, and commitment to the ideal are about the only factors that can bring about the desired situation. It is a human factor that one wrestle with, but it is a bull that must be taken by its horns, and not just avoided, in the interest of bringing about an organization that is truly responsible to the needs of its membership.

4. The education factor. Volumes have been written about the advantages of an enlightened membership. We have a community-type credit union that caters to varied economic sectors: to school teachers, to sidewalk vendors, to market-stall-holders,

to small consumer stores, to fishermen, and to a number of other sectors too. Their delinquency is almost zero. The secret is a systematic, continuous and effective education programme beamed at the membership. There is no substitute for an enlightened, and informed membership.

5. The management infra-structure. The Minister made a strong point about this in his Keynote Address. Given the minimum circumstances essential to start a cooperative undertaking, management can make or unmake a cooperative. We have already tried several experiments here, and we are still experimenting. We have had some successes, but more important, we think, is the creation of a climate that will be conducive to development of management capability, and capability to compete in the management market. Turn-over of personnel is fast when one is unable to compete in the market, and investments in human development is always costly.

Concluding Remarks

We have set down here part of our history, and portion of our experiences which we felt might be of value to most if not all of the movements with which we are now exchanging views.

Where we cite statistics, these are not to impress, or to create a favourable image. These are to try to demonstrate what fruits our efforts have borne in our continuing attempt to identify and develop suitable frameworks to maximize interaction between and among cooperatives; to look for situations which would allow and encourage a pooling of resources—both material, financial and human—to be able to expand the spheres of our influence, and to reach more of those in need of services.

In this changing age of a new economic world order, cooperatives must be able to play their role, and they can do this effectively only if they are able to cooperate at different levels—local, national, regional, and international.

I have tried to set down our experiences at trying to bring about a climate favourable to cooperation at national level, mainly through the integration process. We are continuing to strive in this direction, and the newly formed Cooperative Union of the Philippines is expected to play a lead role in this on-going endeavour.

Report of Commission-II

Subject : Cooperation Among Cooperatives Within A Country

Local cooperatives are small with limited capabilities. Because of these limitations there is a need to link these primaries to the higher organisation like organisations from the district to the national level. The support can be in terms of function, finance or personnel to take advantage of economy of scale. Some of the examples are—procurement of raw materials, arrangements for education and training, provision of services of experienced personnel etc.

Horizontal linkages can be built between credit institutions and various sectors like consumer, marketing and housing.

Most countries represented in this Commission have not fully developed these linkages. Some constraints mentioned were :

1. Duplication or overlapping organisations and structures.
2. Absence of organisational structure.
3. No direct links developed between the primary and higher level organisation.
4. Complicated procedure and absence of simplified law for all types of cooperatives.
5. No clear cut linkages between the banks and cooperative societies.
6. No streamlined function of each institution.

By fully developing the horizontal and vertical linkages of cooperatives together with the building up of strong umbrella cooperative organisation we can establish a cooperative system. The umbrella cooperative organisation at the national level can help strengthen cooperatives by taking up problems of cooperative institutions to the higher government authorities. Another device is to convene a national congress to discuss steps to be taken to develop and strengthen the cooperative system.

The countries represented like the Philippines, Thailand, Malaysia, Singapore, Republic of Korea, India presented the structure of their federations and there was a considerable discussion regarding this.

Commission-III
Cooperation among
Cooperatives on a Regional
and Global Basis

S. K. Saxena*

Cooperation Among Cooperatives on a Regional and Global Basis

In 1966 at the Vienna Congress and at the subsequent Central Committee meeting, the International Cooperative Alliance (ICA) adopted by general agreement a new set of co-op principles. Two major changes introduced were: a) the principle of political neutrality was dropped which implied that:

- i) it is not easy to be politically neutral in the world of to-day in view of the extensive interaction between the state and the economy; and
- ii) that advancing the movements' interests call for alignments and confrontations with political parties in ways which transcend narrowly defined ideological frontiers of political groupings.

This was the first change.

The second was the addition of a new principle, namely, cooperation among cooperatives. Introduced by the U.S. member of the Commission on Cooperative Principles, Harry Cowden, it was a tacit recognition of the fact that:

- i) many co-ops are not working with other co-ops even where their mutual interests would have been subserved by such collaboration. In my own position as Director of the Alliance, I saw many cases of such missed opportunities. I am sure you know of many more. This is true nationally and still more internationally.

Let us look at the motivation for collaboration among co-operatives. Basically, there are two compulsions and I think all cases of existing collaboration could be seen to stem from either one of these two. These are closely inter-related and actual cases

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of collaboration often straddle both. The two compulsions stem from the following:

- i) Ideological affinity and
- ii) Economic factors.

Ideological Reasons

One of the reasons why co-ops work with other co-ops is simply because of their ideology, their roots, as it were, have either been the same or for some reason they feel they belong together. The main strands of cooperative ideology are associated with, for example, Raiffeisen, Schulze Delitzsch, Rochdale Pioneers, Alphonse Desjardins and Filene. Perhaps in a general way we could group together Raiffeisen, Desjardins and Filene since they all provided the ideological base of the Thrift and Savings movement. The Rochdale Pioneers which have been the backbone of the consumer oriented movements, seem to have particularly animated the organizations affiliated to the ICA.

Obviously there are differences in detail, but they all seem to agree on the following four essential elements.

- 1) Voluntarism: All have voluntary attitude to the recruitment of members in coop. societies;
- 2) Democracy: System of control: one member—one vote:
A deliberate effort to divorce power from wealth unlike in profit-making enterprises.
- 3) Aim of the enterprise: service.
- 4) Ownership by member users: not absentee ownership where one invests one's money for profit or speculation.

Such collaboration between co-ops caused by ideological kinship is often reflected in national groupings which are called the union or the council. This pattern is prevalent in a large number of countries.

First, in Eastern Europe, there is often a national cooperative council which acts as a spokesman for the movement as a whole. It is often a non-economic organization. For instance, in Bulgaria, Hungary, East Germany, Czechoslovakia and Poland there is a central cooperative council or as in the case of Poland,

the Supreme Cooperative Council. In Italy there is no such body: there are, of course, the Lega Nazionale, Confederazione and Associazione, which are differentiated along political lines and there is no umbrella organization which links them together: in France there is the Groupement which enables co-ops to meet together: in Austria and Switzerland there is no such body and the consumer and the agricultural wings operate separately. Nor is there one in Finland, Denmark or Sweden (with the exception of SCC dealing with aid matters.) In Norway again no such body exists except a cooperative committee within the framework of The Society for the Welfare of Norway: in the U.K. the cooperative union does not include the agricultural cooperatives sector and has only recently admitted the Credit Union League of Great Britain: similar is the case in the U.S. where there is CLUSA, ACDI and large regional organizations: in Canada there is the Cooperative Council of Canada and the Conseil Canadien de la Cooperation for English and French speaking Sections of Canadian Society.

The picture then seems to be as follows: first, it is not possible to talk about a uniform pattern existing throughout the world.

- i) There are sectoral organizations in the field of credit, agriculture, marketing, consumer, artisanal, etc.: there is a broad similarity of interests and hence a natural tendency to group together in national Sectoral organization,
- ii) Where cross sectoral organizations are grouped in the same organization, the functions of such organizations tend to be generally non-economic: they are mainly representational (e.g. dealing with government, taxes, legislative and promotional functions); these are often called Unions or Councils.

A second pattern which is distinct is the one where a number of organizations collaborate on specific aspects: for example, the Cooperative Committee in the U.S. which speaks for the different wings of the movement vis-a-vis the Government on matters of overseas aid: the Japanese Joint Committee which brings together the various sectors of the movements in dealing with international matters.

There are then the international organizations where co-ops of different kinds and/or belonging to the same sector meet. The

following can be mentioned:

- 1) The International Cooperative Alliance (ICA) is comprehensive in the coverage and open to all cooperative sectors.
- 2) The International Raiffeisen Union brings together organizations of the Raiffeisen type.
- 3) The World Council of Credit Unions groups together credit unions and has continental chapters in the different parts of the world (e.g., ACUL, ACOSCA, COLAC, etc)
- 4) (COPAC) Joint Committee for the Promotion of Aid to Cooperatives which brings together international organizations which have an interest in overseas aid to cooperatives UN FAO, ILO, ICA, WOCCU, IFAP, IFPAU.
- 5) The German Universities Conference on Cooperatives.

Of the above 5, the ICA is the only organization which claims to be "the universal representative of cooperative organizations of all types which in practice observe the cooperative principles". All the others, with the exception of COPAC which is restricted rather narrowly by its objectives, cater for cooperatives, organizations of a specific kind (credit, agricultural co-ops, etc.)

Let us look in some more depth at the groupings within the ICA. The ICA provides for such collaboration through its 9 auxiliary committees which are as follows:

- 1) The Agricultural Committee which groups agricultural organizations from 50 countries: its sub-committee for S.E. Asia is served by the Regional Office in New Delhi. An economic sub-committee which has been particularly active in the field of agricultural cooperative trade operates from Paris. The trade conferences in New York and Moscow organized by the ICA Economic Sub-Committee have helped in the flow of trade and highlighted the trade potential of co-ops. It has also been active in lobbying with the United Nations agencies, particularly the FAO.
- 2) The Banking Committee groups a number of cooperative and trade union supported banks. It facilitates exchange of experiences and collaborates with the International Liaison Committee on Cooperative Thrift and Credit.
- 3) The Organization for Cooperative Consumer Policy is

concerned with questions of consumer protection; there is a sub-Committee for S.E. Asia.

- 4) The Intercoop is acting largely as a business organization: it arranges joint purchasing on behalf of its wholesale consumer members and obtains economies for them. A broad division of labour has been agreed between Intercoop and Euro-coop, the first specializing in economic activities and the latter in political work vis-a-vis the EEC in Brussels. The Intercoop retains its own buyers in different parts of the world or uses the buyers of its member organizations, for instance in Australia: it has recently opened an office in Hong Kong to make purchases for its members from mainland China, Korea and Japan.
- 5) The International Cooperative Insurance Federation (ICIF) brings together cooperative Insurance organizations and has two sub groups, the Insurance Development Bureau (IDB) and the Re-insurance Bureau.

Other committees of the ICA which provide scope for collaboration are:

the Fisheries Committee, the Housing Committee, the Workers Productive Committee and the Women's Committee.

Two features of these groupings which need to be noted are that :

- i) Most of the committees are non-economic bodies helping to establish contacts, exchange information and discuss mutual problems : they are normally confined to a particular sector of cooperative activity.
- ii) The Women's Committee is an exception since it is based not on any specific activity but concentrates on women's questions and their involvement in cooperatives of all kinds.

In addition to the above there are 5 working parties which bring together officials undertaking specific functions, for example, librarians, research officers, editors of co-op journals, educationists, and representatives of co-op tourist organisations.

Difficulties in achieving cooperation

The following five may be identified as the major difficulties in achieving collaboration between cooperatives :

- 1) The Consumer/producer dichotomy is somewhat overdrawn in economic text books, complementarity and inter-dependence are rarely, emphasised. We derive our categories of thinking from the prevailing economic environment where the profit making sector dominates. The two broad streams of co-operative development have been along producer and consumer lines : they have grown and diversified, creating parallel structures in the fields of banking, insurance support institutions service, etc. For example, in the U.K. the cooperative union represents the consumer wing of the movement and has no contacts with the agricultural sector. A similar divide runs through the West German Agricultural and Consumer movement : A similar situation obtains, for instance, in France.
- 2) Relative strengths of the various sectors may be different : agriculture producers sometimes do not feel that the consumer wing of the movement provides a broad enough outlet for the production of agricultural cooperatives; hence no business relations are developed.
- 3) Sometimes there is simply an absence of knowledge about the activities of other cooperative activities in existence. In such situations, there is a need for an institutional structure which could facilitate interchange of information.
- 4) As the two wings have developed, they have become locked into specific positions, even politically: the agriculture wing tends to be more to the right, the consumer to the left, thus re-inforcing the differences.
- 5) The emphasis on broad ideological issues like the creation of a cooperative commonwealth evident in the early development of the movement, has now almost completely disappeared and unless that concept is kept in the forefront, broad inter-coop collaboration between different sectors can at best be ad hoc. This decline in the discussion of broad ideological issues, almost inevitable in the evolution of all social and economic movements, is caused partly

by the specific responses the movement has to provide to narrow practical problems.

Let me now give three specific examples of collaboration between co-ops in the fields of 1) fertilizers, 2) petroléum, and 3) production.

I now come to the last part of my paper. In this section I intend to give some examples of international cooperative collaboration of an economic nature.

First: in the field of fertilizers, there is the IFFCO which stands for the Indian Farmers Fertilizer Co-operative. This large cooperative came into existence as a result of the collaboration between the Indian and the U.S. Cooperatives. It is now a member of the ICA and has the biggest fertilizer plant in India and has actually become an active agent in the creation of similar other projects with considerable benefits to the Indian economy generally and the farmers particularly.

The various stages in its creation and development can be summarized as under :

First, Under the leadership of the National Cooperative Development Corporation, a parastatal body with a mixture of government and voluntary cooperative control, the IFFCO was set up as an all-India cooperative society in November, 1967 with a share capital of \$ 36 million subscribed by the Government of India and thousands of cooperative societies from village to apex organisations. Government share may be retired as the economic viability of the organisation increases.

Second, parallel to this, in the United States, the Cooperative Fertilizers International was set up in September 1967. This was funded with donations to the extent of \$ 1 million from its members. Technical and managerial assistance by the CFI was to be provided at cost to IFFCO.

Third, a cooperation agreement between IFFCO and CFI was signed setting out respective responsibilities relative to the construction and operation of the project, the appointment of personnel to various senior management positions, their deployment, etc.

Fourth, this stage consisted in the resolution of the financial problems. As the total capital investment was large, (\$ 124 million) contributions were sought and secured from various quarters as follows :

FOREIGN EXCHANGE

i) US AID Loan	\$21.0	
ii) ODA Loan	16.8	
iii) Dutch Government	0.9	
iv) CFI Contribution	1.0	
	\$39.7	\$39.7 million
<i>RUPEE FUNDS :</i>		
Cooperative Equity	\$12.0	
Govt. Equity	24.0	
		\$36.0 million
<i>LOANS</i>		
Indian Financial Institutions	\$34.7	
Govt. Loans	13.6	\$48.3 million
		\$124.0 million

As there were four governments involved, the task was extremely complex.

Fifth, and the final stage consisted in the initiation of work which started on July 1, 1971 and since then management problems have required the greatest attention. Wars, drought, relationship between governments, all delayed the initiation of the project. These, in a nutshell identify the major problems involved in collaboration on an international cooperative project.

The *second* example is from the field of *petroleum*. The consumption of petroleum in the cooperative sector is very large, although I have no total figures available with me. Agricultural, fisheries, gas stations, etc. all require a lot of petroleum. Through the International Cooperative Petroleum Association (ICPA), cooperatives in Sweden, Netherlands and the United States joined

in an extensive search for crude oil in Libya. Substantial geological work was carried out and although cooperatives were not successful eventually in gaining concession in that country, the movement internationally had nevertheless gained considerable experience.

More recently—and I have in mind the early 70's—the U.S. cooperatives were investigating possibilities in South America, Nigeria and Algeria and looking for joint action either in production or in the purchase of crude oil.

Several ICPA members are located in countries of substantial oil reserves—Societe Cooperative des Petrole, Cairo, ICPA's contribution in Sri Lanka, through its work with Ceylon Petroleum Corporation, the construction of a large plant in Burma for the national oil company of Burma, negotiations with Sonatrach, the national oil company of Algeria, the Grega Oil Company of Libya are some of the cases of ICPA's involvement. Finally, there is the refining plant which ICPA owns in Dordrecht (in Holland).

Current plans of the ICPA include an expansion of its chemical department and increased volume of production and deliveries from the plant in Dordrecht. ICPC issues a monthly newsletter entitled "ACTION" which can be obtained from its New York head office.

All in all, it is perhaps fair to say that cooperative achievements in this politically sensitive field have been somewhat patchy, although a number of developing countries look upon cooperative intervention with a great deal of favour. With the emergence of OPEC and the relative absence of strong cooperative organizations in the Middle East, the future of the movement in this field cannot be viewed with great optimism. There are, recently, some examples, at the national level in Canada of active intervention by cooperatives in the field of petroleum.

Collaboration in Scandinavia

Scandinavia shows perhaps the largest amount of international collaboration among cooperatives. The organisations involved are the consumer apex organisations of Nordic countries, namely FDB (Denmark), SOK and KK (Finland), SIS (Iceland), NKL (Norway) and KF (Sweden).

The NAF (Nordisk Andelsforbund) based in Copenhagen, is the central purchasing organization on behalf of these apex organizations. In 1972 its turnover was about 70 million £ Sterling in food items, including coffee; non-food turnover was about 32 million £ Sterling and the mutual trade between these organisations was of the order of 16 million £.

Besides NAF, the NAE (Nordisk Andelseksport) organizes exports from the six member organizations. The main item is furniture. There are also jointly owned industries such as AB Nordspray in Helsinki (aerosol products), Norchoklad, Sweden and Nordkronen in Stavanger which produces toilet soap. There are also bi-lateral collaborative production arrangements in the field of washing powder and light bulbs.

One of the reasons for the success of this collaboration is that the social and economic environments in the various Nordic countries are broadly similar and there is no feeling of dominance by one over the other; the relative development of popular and voluntary organizations is also broadly similar.

What lessons can be drawn from the rather extensive international picture which I have presented and what are the conditions which facilitate economic collaboration at regional and international levels?

Cooperatives, it is clear, do not naturally gravitate towards each other for collaboration. The ideological impulse is not powerful enough to act as a cementing glue.

There are a number of pre-conditions which ought to exist for trade and joint production. I shall specify two elements:

- 1) *Need*: There are two aspects of it i) If there is a mismatch of needs, trade or joint production will not take place. Perhaps a broadly similar pattern of production and commodity cultivation is partly responsible for the lack of intra-regional cooperative trade in S.E. Asia. ii) The transaction must lead to mutual benefit. It is not aid we are considering here but hard economic relationships. If there is no mutual benefit, collaboration cannot be sustained over a period of time. Collaboration derives its glue only partly from ideological kinship.
- 2) There is the need among national cooperative

leaders for a vision and a will to cooperate. What is required is an enlightened leadership which can look into the future. Perception of a dimension beyond the national frontiers is an important element.

Unless the leadership understands the broad inter-relationships which go to make the cooperative universe, (as distinct from the capitalistic or the socialistic system), sustained collaboration between cooperatives will remain ad hoc and fragile.

Once these two conditions are prevalent, there is then the need for the required technical skills to give concrete shape to the vision to collaborate. Such skills will be required, inter alia, in the following fields:

- a) Technical economic know-how to carry out feasibility studies (including financial analyses, etc.)
- b) Legal knowledge and a broad familiarity with social and economic conditions.
- c) Negotiating skills, arrangements for participation, etc.
- d) Knowledge of the industry, including familiarity with market conditions.
- e) Import-export regulations. In S.E. Asia these tend to be cumbersome and need simplification.

Relevant educational and training programmes are thus extremely important.

Broad environmental conditions which are conducive to such collaboration must satisfy the two important criteria:

- i) Political stability; many movements in the advanced countries are not prepared to collaborate for the simple reason that they are not sure about the political future of a particular Third World country; threats of nationalization and excessive paper work are some other examples which sometimes inhibit collaboration.
- ii) Finally, trade liberalization policies which would allow import and export without too many restrictions are important elements in facilitating international inter-cooperative collaboration.

N. J. Newiger*

Cooperation among Cooperatives on a Regional and Global Basis

It is a great pleasure and privilege to be with you on the occasion of the 7th Open Asian Conference on Cooperative Management. I should like to convey to you the greetings and best wishes of the Director-General of FAO, Mr. Edouard Saouma, for a successful meeting and to assure you of FAO's intention to continue its close collaboration with the ICA. In this context, I am pleased to recollect that more than 30 years ago the ICA was granted consultative status with FAO. This was the beginning of more than three decades of constructive collaboration between the two organizations. It is on the occasion of the 7th Open Asian Conference on Cooperative Management that we have another opportunity to join our efforts to ensure that those who produce food are equitably rewarded for their efforts.

I have been requested by the ICA to present an outline of a strategy of action on how cooperation among cooperatives on a regional and global basis can be built up. It is understood that this should be done from the standpoint of an inter-governmental organization. I should therefore like to limit my paper to those aspects of the topic which are of direct concern to FAO as an inter-governmental organization. Furthermore, I would like to exclude the broad area of inter-cooperative trade, which is so vigorously pursued by the ICA itself.

With the above limitations the following paper will focus on major problems of rural development and their implication for cooperatives. Subsequently the new development strategies which have emerged as a result of the problems encountered will be discussed. The paper will then provide some insight into action programmes initiated by FAO, such as the People's Participation Programme, the programme for the Development of Appropriate Management Systems for Agricultural Cooperatives,

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as well as the proposed programme for Energy Use and Conservation in Agricultural Cooperatives and other Rural Groups, and proposed activities for the support of promotional institutions for cooperatives.

1. Problems of Rural Development and their implications for Cooperatives

The past 30 years have witnessed major developments in many fields, yet we are still living in a world of social and political unrest, population explosion, increasing unemployment, widening disparities and other frightening realities. It is certainly no exaggeration to state that the world food situation is still one of crisis. The outlook is dangerously uncertain in view of greatly reduced stocks.

Nearly half the population of the world live in the rural areas of the developing countries. Most of them derive their livelihood from agriculture, fishery and forestry, or very closely related activities. They include a large proportion of the world's poorest, under-nourished and illiterate people, mainly concentrated in the Far East and Africa, but with a significant number also in the Near East and Latin America. Although many governments have made serious efforts towards agrarian reform and rural development, the problems of rural poverty has grown rapidly.

Improvements in living conditions have chiefly benefited the urban population which is much smaller but is growing faster and is politically more powerful, thus widening further the gap between rural and urban areas in respect of incomes, services, amenities and the general quality of life. Moreover, differences within the rural population have also widened. In many countries the small improvements that have been achieved have mainly benefited the landlords, large farmers and others who were already relatively well-off, rather than the small farmers, the growing number of landless agricultural labourers and the rest of the poor.

The widening gap between the rich and the poor has now become a characteristic feature of rural social life in a number of developing countries. As the condition of the poor continues to degenerate in terms of an absolute fall in their income or in-

crease in the number of those living below the poverty line, the rural rich continue to concentrate the existing resources in their own hands. There thus occurs a polarization of relations between different groups in the rural areas where the rich and the powerful continue to amass wealth and power, alleviating the poor and powerless from their principal source of livelihood.

The unequal development of different sections of the rural population has, in turn, led to the emergence of such a situation where the rural poor are made dependent upon the rich for access to resources necessary for their survival. Whether it is land for crop-sharing, credit for production and consumption or employment as wage labourers, the rural poor are invariably dependent upon the rich.

This extreme form of dependent-dominant relationship not only facilitates the exploitation of the poor by the rich, by the same token, undermines the development of the productive capacities of the poor. It is now a well-established fact that no rural development can be achieved in the rural areas so long as the majority of the rural population, namely the poor continue to remain unproductive and under-developed. The question, therefore, is how to involve the poor in actively participating in the process of development under the prevailing political and economic conditions.

The millions of small farmers, sharecroppers and rural labourers cannot be reached expeditiously one by one, by development agencies, nor will the voice of the individual peasant carry any weight in the development process. Only through some kind of organized grouping can the rural masses articulate their aspirations as well as channel their inputs and outputs effectively. Especially the rural poor are in need of genuine organizations initiated by themselves with which they can identify as their economic self-help and bargaining or pressure group, or a combination thereof.

It is generally recognized that existing cooperative organizations do not involve or serve a large majority of the rural poor; their membership and especially the decision-making and resource allocation benefit largely the better-off rural people. These cooperative organizations do not effectively develop and mobilize a large part of the rural resources. The rural poor who perform most of the work, even though frequently not fully or

effectively employed, have no or little possibility to participate in making decisions that affect their future well-being. They lack access to appropriate and timely inputs and services, effective and profitable markets for their meagre surpluses, and they lack the means to prevent imposition on them of technology or programmes they cannot use. Thus, rural development, particularly agricultural production, stagnates far below its potential.

The Secretary-General of the United Nations has emphasized this aspect when stating that "by and large the cooperative has been benefiting those having resources or influence in the community and the cooperative has not made a determined effort to reach the poor who stand most in need of cooperative effort. There is evidence of cooperatives in developing countries which have been organized specifically to help the poorer segments of the community. However, their impact has been insignificant particularly in those societies which are hierarchically and structurally differentiated." Rural cooperatives within such a socio-political setting are most likely to be dominated by the rich, thus increasing the inequalities of the prevailing power structure. This phenomenon of strengthening the social stratification through cooperatives is fairly common in many developing countries. Thus, while one of the major reasons for the shortcomings of cooperatives in terms of involving the rural poor in the process of development has been the dominance of the rural elite, the *over-bearing direction of governments* is of equal relevance.

With regard to this relationship between cooperatives and governments, the UNDP Technical Advisory Note on Cooperatives and Similar Institutions points out that "the traditional doctrine proclaims the independence of cooperatives vis-a-vis governments, but this doctrine evolved under conditions prevailing in relatively developed and wealthy societies and needs to be modified in the circumstances of most developing countries today. It is clearly not applicable in countries where the government has opted for a cooperative-style of organization for society as a whole, e.g. Tanzania, China, Viet Nam, etc. But even in countries with mixed economies governments intervene extensively to promote rural development through the mechanism of cooperatives. It is generally accepted that government support is an essential pre-requisite of widespread growth in developing

countries.”

However, government support of cooperatives, which is important especially at the initial stage, is not without political problem. This is particularly relevant with regard to those governments which are based on the mainly hierarchical structure of their societies. It is also for this reason that many governments tend to look upon cooperatives as *their* instrument of power and development and not so much as organizations of people who can and should determine their own objectives and participate in decision-making and the gains of development. Consequently members often look at cooperatives as another type of government service rather than their own organization and often lose interest in active participation. Likewise, government officials tend to develop paternalistic relationships with the rural poor. Often government action substitutes for local effort and cooperatives look upon themselves as privileged minorities dependent upon permanent government subsidies.

The ideal role, according to which governments should begin as champion, continue as partner and abide as friend, is far from being implemented. As a matter of fact, there are not many governments of developing countries which have succeeded so far in creating a favourable environment in which cooperative can grow and become self-governing institutions.

There is yet another problem area which is closely related to the dominance of rural elites and governments: most *cooperatives do not reach down to the grassroots' level*. Primarily, for reasons of economies of scale, rural cooperatives are usually covering more than one village. In the majority of cases, this is appropriate from an economic point of view. It fails, however, to bring about social cohesion and active involvement of the poor at the grass-roots' level. The small farmer and especially the landless labourer cannot identify themselves with a high organization which is far away from their homes and which is run by people they cannot trust, i.e. either the rural elite or government officers, or a combination thereof.

The *conventional type of cooperative* as originated in Europe and transplanted under the colonial regimes to Africa, Asia and the Near East, where it still predominates to a large extent, is mostly a service cooperative which is established to promote individual farms by taking over one or more partial functions to

be performed by the agricultural producer. These functions are normally confined to credit (and savings), supply and marketing. They are singled out of the complex of inter-related functions to be performed by the small farmer. Thus the cooperative society is acting mostly as a single or multi-purpose society performing either one or more partial functions without concerning itself with the overall economic requirements and the many other inter-related functions to be taken care of by the individual farmer member. This concept ignores the need to relate cooperative activities to the increase of income of the farmer as the prime objective of cooperative activity, bearing in mind that this income is primarily derived from agricultural production and related activities.

In fact, increasing the purchasing power of the small farmer and what this means to him in terms of better living and becoming even more productive should be the primary aim of any cooperative worthy of the name. The "mercantile" cooperative which predominates in the Third World has largely failed to serve this primary purpose. Providing a small farmer with production inputs, perhaps on credit, and offering him a bulking-up service to facilitate marketing, frequently represent the extent of a conventional cooperative's involvement with its small farmer member and the limit of its role in the production/consumption chain. All too often the only yardstick of such a cooperative's performance is the publication of a balance sheet. The cooperative enterprise thus becomes an end in itself, completely ignoring the basic objective of increasing the income of its members. As a result, the benefits accruing to the small farmer from such self-centred mercantile-typed services are expected to be no more than marginal. Another aspect of the same problem is the many interventions in developing countries to strengthen the cooperative enterprise in the misplaced conviction that what is good for the cooperative is necessarily good for the farmer.

II. Concepts and Strategies as conceived by the World Conference on Agrarian and Rural Development (WCARRD)

It was against the background of the ever-increasing dimension of rural poverty that the World Conference on Agrarian Reform and Rural Development was organized at FAO Head-

quarters in July 1979. The World Conference adopted a Declaration of Principles, a Programme of Action and a Resolution on Follow-up Action for FAO and other organizations, which represent a turning point in-development thinking and conceptualization of strategies and policies to alleviate rural poverty. The Declaration of Principles defines not only what is meant by agrarian reform and rural development but provides a conceptual orientation of all that should be done in the future to achieve their fundamental purposes. It contains a political commitment of the governments to the measures recommended not only in the WCARRD itself but also in the governing bodies of the United Nations System, including the General Assembly. The Programme of Action contains a new and authoritative definition of the objectives; strategies and specific programme actions that should be followed. Both the Programme of Action and the Follow up Resolution specifically recognise the responsibility of FAO as the leading agency for agrarian reform and rural development.

The goal of agrarian reform and rural development, as defined by WCARRD, is "transformation of rural life and activities in all their economic, social, cultural, institutional, environmental and human aspects. National objectives and strategies to achieve this transformation should focus on eradication of poverty, including nutritional improvement, and be governed by policies for attaining growth with equity, redistribution of economic and political power, and people's participation. These strategies should include the imposition of ceilings on the size of private holdings, resource mobilization for increased investment, expansion of production and employment, strengthening of the economic base for small farmers, organization of associations, cooperatives and other groups of the rural poor as well as state farms, introduction of technical innovations, efficiency in the use of resources through adequate incentives and prices, balanced development of rural and urban areas and equity and justice in the sharing of productive resources and the benefits of progress."

The incomes of the rural poor and their access to goods and services should grow at a faster rate than that of other sections of the population. They should benefit from equitable access to land, water and other resources, from their development and from increased employment opportunities. In addition, they

need equitable access to public utilities, services and investment capital.

A national strategy for eradicating rural poverty requires:

- (1) the promotion of rural institutions and people's participation;
- (2) structural reforms; and
- (3) increased commitment of resources.

These are closely linked with each other. Larger resource flows are an essential condition for rural development. Appropriate structural reforms ensure that benefits flow to the disadvantaged. People's participation ensures that growth with equity is self-sustaining and meets the basic requirements for rural people as perceived by them.

Each government will choose policies intended to have the maximum possible impact on poverty. Quantifiable targets will have to be established against which the effectiveness of action can be judged.

The real subject of the World Conference on Agrarian Reform and Rural Development, as the Director-General of FAO put it, was the great masses of hungry and poor people in the world, composed of hundreds of millions of men, women and children lacking food, health, education, employment, shelter and dignity. "Among them are half a billion below the margins of human existence. The only wealth they have is of privation and disease—the cedema of famine, kwashiorkor, malaria, sleeping sickness, blindness. Their struggle is surviving; to collect a few twigs, to cook a handful of grain, is less dramatic in "media" terms than the quarrels of car-owners queuing for a few liters of petrol. But it is of far greater consequence for the life of nations and the peaceful future of our children.

The WCARRD Declaration of Principles and Programmes of Action are high-lighting people's participation in the institutions and systems which govern their lives as a basic human right. The Conference considered this as essential for realignment of political power in favour of the disadvantaged groups and for social and economic development. It is stated that "rural development strategies can realize their full potential only through the motivation, active involvement and organization at the

grass-roots' level of rural people, with special emphasis on the least advantaged, in conceptualizing and designing policies and programmes, and in creating administrative, social and economic institutions, including cooperatives and other voluntary forms of organization, for planning, implementing and evaluating them".

The WCARRD approach is based on the assumption that active participation of the poor can only be brought about by adequate people's organizations at the local level and decentralization of government decision-making in a manner to allow the local people to influence them adequately.

Until the majority of the rural people in developing countries can be mobilized through their own organizations, the technology and other resources being offered are not likely to be utilized adequately and efficiently by the small-holders, and rural labourers, and the goods and services produced will not be equitably distributed. Thus the entire structure of rural society will be increasingly characterized by unemployment and social tension. These problems will be increasingly transferred to urban centres through migration.

Involving people may be regarded as the cardinal issue of the very complex and long-term process of rural development and agrarian reform, entailing changes in patterns of ownership of the productive assets, decision-making and power structures, social traditions and attitudes, the organization of economic activity and the institutional and administrative set-up of each society.

Thus, support and promotion of people's organizations, coupled with gainful employment, is considered by WCARRD as the most effective means to secure people's participation in rural development at the local level. Obviously all interests in the local community must, in some way, be involved and balanced within a total rural development scheme. However, the aim should be to strengthen the weak for their successful participation. They initially require sufficient protection and preferential access to resources to make that possible. While there can be no universal model, general principles are drawn from past experience from which models may be fashioned to fit or to reshape the existing institutional structures of developing countries.

An effective strategy would seek governments' commitments:

- (i) to improve the effectiveness of *existing* self-help organi-

- zations to support the rural poor and promote their active participation in development efforts;
- ii) to stimulate the *creation* particularly by the rural poor themselves, of adequate forms of organizations at village level, which the poor regard as their own, and can be effective to improve their conditions and satisfy their specific needs, and
 - iii) to enable such organizations to participate in the decision-making process of rural development, particularly at the local level, and in projects and programmes directly concerning them. Initially, it may be necessary to give specific representation to disadvantaged groups/segments (as distinct from the non-poor who are already well-represented) in quasi-governmental and local bodies concerned with rural development.

To be effective, people's organizations must develop the capacity to provide their members with (a) significant degree of self-determination and (b) preferential access to resources and/or employment, information and technology, requisite skills and influence over relevant institutions.

In order that national governments provide the bases for effective-participation of the rural poor, legal and institutional barriers need to be removed to enable their association in organizations of their choice. Among others, this would involve:

- (1) ratification and enforcement of ILO Convention Nos. 87 and 141 and Recommendation No. 149 on the role of rural workers' organizations in economic and social development;
- (2) relaxing complicated formal requirements of organization and registrations for small, local organizations;
- (3) easing collateral and repayment terms for small loans and other contracts with mutual guarantee groups.

III. The New Mandate of FAO: Collaboration with non-Governmental Organizations

The 20th Session of the FAO Conference, by paragraph 10 of Resolution 7/79 of the follow-up to WCARRD, called upon all states concerned and FAO to take effective measures which

will assist in the establishment and strengthening of self-reliant and representative rural organisations, including rural women's and youth organizations, so that such organizations can effectively and democratically participate in the implementation of the Programme of Action." The FAO Conference Resolution also called upon FAO to collaborate more closely with non-governmental organizations in the development of such adequate new forms of people's organizations and participatory methods.

In operational terms, future programmes of FAO should work towards people's participation in almost all rural development programmes and projects to be assisted or at least a modality for implementation through people's participation would be one criterion for assistance to rural development projects. The future trend for which projects are now being designed will work towards people's participation in planning, design, implementation and evaluation of rural development programmes and projects. These are long-term goals which FAO seeks to introduce into rural development projects.

NGO collaboration in this process is essential. It is FAO's conviction that in carrying forward the WCARRD message, the involvement of non-governmental organizations would be crucial for success, especially in reaching out to the rural poor at the grass-roots level.

The Director-General of FAO has decided to pursue vigorously the attainment of these objectives in cooperation with the governments, as requested by the above Resolution.

In the context of the action programme described hereunder, NGOs, in particular ICA, are invited to closely collaborate in all aspects of rural development activities including planning implementation and evaluation. The reorientation of FAOs towards collaboration with non-governmental organizations may also imply a trilateral relationship between FAO, donor NGOs and recipient NGOs, in the context of which FAO is performing the function of a catalyzing agent. In addition to assistance with regard to the initiation and identification of NGO projects, FAO support may consist of creating favourable political conditions for project implementation, co-execution of NGO projects with FAO, or the backstopping and monitoring of projects financed by NGOs. It is to be emphasised that such a trilateral relationship between FAO, donor NGOs and

recipient NGOs should always endure the independence of the NGOs involved.

Such reorientation of FAO in support of cooperatives and other self-help organizations of the rural poor would not only have to be based on close collaboration with non-governmental organizations, but also on the concept of technical cooperation among developing countries (TCDC), an aspect which will be illustrated in the context of the action programmes to be presented.

It goes without saying that the ICA itself, through its regional and central offices, provides a basis for regional and global cooperation among cooperatives. From an inter-governmental point of view, it is felt that there is an ever increasing need to strengthen the dialogue between non-governmental organizations and UN agencies, both at the regional and global levels. In this context, *the Committee for the Promotion of Aid to Cooperatives (COPAC)* deserves particular mention as a forum where both inter-governmental and non-governmental organizations regularly meet at the international level. The emphasis of this forum in the years to come should be on the harmonization of policies and programmes of UN agencies and NGOs at the planning stage. ICA as the most important NGO member of COPAC will no doubt fully utilize this mechanism to improve collaboration among cooperatives on a global basis, as well as, of course, strengthen its bilateral contacts with FAO and other UN agencies.

IV. Action Programme for the Promotion of People's Participation

As a major step in implementing the mandate of WCARRD, FAO has embarked, upon a new programme entitled "People's Participation in Rural Development through the Promotion of Self-Help Organizations". The specific objective of this programme is to assist interested governments and non-governmental organizations to develop on a pilot basis replicable organizational models and methods to fit their own conditions, by:

- (a) providing more effective receiving mechanisms in the form of people's self-help organizations at the village level;
- (b) Support of rural employment and income-raising activities of these organizations;

- (c) stimulation of and linkage with existing national rural servicing agencies.

Any action supported under this programme, whether in the form of project or as a component of a more comprehensive rural development programme, should have a number of basic characteristics. These refer to the general objectives and orientation of the projects and not to the specific nature of the activities to be undertaken. The latter cannot be seen and prescribed in advance without aborting the purpose of the project activity, i.e. participatory organization and development. The set of essential criteria briefly presented below is based on the FAO Guidelines for People's Participation and Organization.

(1) The Project Beneficiaries are the Rural Poor

The project should exclusively focus on the rural poor, who can be defined in general terms as all people who:

- live in rural areas at or below subsistence level;
- are full or part-time engaged in agriculture, forestry, fisheries, handicrafts, other rural occupations or are unemployed;
- are characterized by criteria of rural poverty defined in each country relating e.g. to level of income or size of land holding.

The main categories of rural poor are smallholders, tenants, share-croppers, landless labourers, fishermen, artisans, tribal minorities, refugees—including men, women and children. The project approach should thus normally not be to encompass all farmers or a whole area/village. This implies that the government favours or at least allows, a rural poor-oriented development policy.

(2) Separate Groups of the Poor

The project aims at assisting the rural poor in organizing themselves in separate groupings. The government concerned should accordingly permit such action tacitly or formally by legal arrangements and/or political backing. Preference is given to countries which permit autonomous people's organizations. In

countries where separate organizations of the rural disadvantaged are not feasible, the project should have the possibility to promote sufficiently autonomous groups of rural poor within wider formal rural organizations until the groups are sufficiently strong, economically and socially, to secure adequate participation in, or cooperation with, these organizations.

(3) Small Homogeneous Groups

The project should promote the creation of homogeneous groups of men and/or women. The economic and social conditions of the group members, as well as their needs, aspirations and requirements should thus be similar. The basic groups should be small, normally 8-15 members, and informal. They are to be conceived firstly as starting basis for income-raising, self-help activities; secondly as instruments for participation in local decision-making; and thirdly as a receiving system for services, facilities and any other support.

(4) Self-organizations and self-reliance

The principle of self-organization should be fully safeguarded: the project beneficiaries themselves select the members and leaders and decide on the rules as well as activities of their groups. Self-reliance of the rural poor is to be stimulated by helping them to eliminate progressively undue dependence on outside assistance, organizations and/or power holders.

(5) Group Organizers (GOs)

The project should stress the recruitment, selection and training of qualified and motivated local GOs as catalysts for group formation and guidance. The GOs, preferably selected or provided by NGOs, should identify with and be accountable to the groups formed. They should facilitate access to government and other services and help organize meaningful action research.

(6) Income and Employment generating activities

The groups should firstly engage in self-identified agricultural

and/or other appropriate income-raising activities and/or employment creating activities. Social and cultural activities are important but not primary. The initial orientation should be to create economic benefits during a comparatively short time period, so as to create confidence in the project approach. Group-savings and productive investment are to be stimulated as a means of economic self-reliance.

(7) Effective linking mechanism

The project should normally be supported by arrangements for effective and possibly preferential policies and linking mechanisms for delivery of government and/or other resources and services to meet the various needs of the groups. This should include resource allocation, technical support, training and the provision of credit on the basis of a project guarantee-cum-risk fund for collateral-free group loans with collective liability.

For an effective and integrated delivery system project support committees at local and national levels, representing the relevant servicing agencies and the groups themselves, may be required. It is also essential, however, to safeguard against too much service support in favour of the groups, which may cause over dependency and impair replicability of the initial pilot project.

(8) Training

Innovative formal and informal participatory training is to be provided to the group members, the GOs and government and other officers involved in the project. It is in the nature of this training that it should be in relation to the needs of the groups and that it should be provided on a continuous basis throughout the project period.

(9) Action-research

This research is of participatory nature, to be undertaken by the beneficiaries themselves in collaboration with the GOs and suitable research institutions or experts as a means of planning and implementing optimal and effective group action. In the initial project phase specific socio-economic surveys may also be necessary to identify the rural disadvantaged, who are the eligible project participants.

(10) Monitoring and Evaluation

This project component, having a participatory emphasis, is essential for improvement of group plans and activities for the pilot project and for follow-up expansion programmes. It includes group self-evaluation and field workshops with the participation of the rural poor, the GOs and relevant government and NGO personnel.

Encouraging Initiatives in Asian Countries

The urgent need to embark on the People's Participation Programme as a new and innovative action to develop suitable organization structures and methodologies conducive to people's participation at the grass-roots level has been borne out by FAO programmes such as the Rural Organizations Action Programme (ROAP) and the Small Farmer Development Programme (SFDP)

Of particular interest in this context is the Small Farmer Development Programme since it is not only based on the above-mentioned participatory approach but it was implemented some four to five years ago in three Asian countries. This period of time justifies the drawing of some preliminary conclusions from the initial experience gained. The following observations are based on field surveys and evaluations conducted after three years of operational experience of SFDP projects in three Asian countries.

The Small Farmer Development Programme was originated by the Asian Survey on Agrarian Reform and Rural Development (ASSARD) in 1973/75. During this preliminary period, village level workshops involving small farmers and landless labourers, government officials, researchers and UN representatives, were held in eight countries of Asia to identify local needs and initiate action programmes. Field action projects for a three year period from 1976-79 were implemented in Nepal, Bangladesh and the Philippines as a follow-up to the workshops.

The case of Bangladesh

Bangladesh is the most densely populated among the ten largest countries in the world. 90% of the population are enga-

ged in agriculture. Nearly half of the population is either landless or having less than an acre. Against this background the Small Farmer Development Programme was initiated in Bangladesh in 1976 in three districts: Bogra, Comilla, and Mymensingh. The SFDP project in these three districts was supported by the Bangladesh Academy for Rural Development, Comilla, the Rural Academy in Bogra, and the Agricultural University in Mymensingh. Eight villages were selected. In each of the eight villages a group organizer/action research fellow was working. On average, each group organizer was organizing 24 groups with an average size of about nine members. The total number of groups thus formed amounted to 193, with 1,798 members.

One of the most important initial tasks of the group organizers was to assist with a general survey of the project villages in order to identify the target groups. Following this, the objectives of the projects were explained and a detailed house-hold survey was conducted. On the basis of the survey, income-generating activities were identified around which the groups were organized. The groups were then helped by the group organizers to prepare production plans which, after scrutiny and approval of sub-project implementation committee, were sent to the Commercial Bank designated by the Bangladesh Bank with which the guarantee fund was deposited. It is important to note that the loan was given without collateral, on the basis of group liability.

The major activities ranged from beef fattening, milk cow rearing, draught animal rearing and paddy processing to rickshaw-pulling and silk-worm spinning for women and landless, as well as fishing in ponds, pottery, etc.

After a number of groups were established and operating, there was a need to work together for activities which required operations on a larger scale, in order to increase returns and prevent loss. For these and other reasons, i.e. provision of common facilities and advisory work, a number of associations were formed by the groups over the project period. Each association was composed of about 12-20 groups.

All surveys and evaluation reports stressed the importance of the availability of credit financing for the initial capital requirements, as an essential condition for carrying out income-raising activities. The Bangladesh project repayment rates of 97% are

remarkably high. Also the amount of saving in most of the villages was impressive. "These factors indicate that the traditional thinking is wrong. These people are very eager to repay the loan as soon as they have something. What is necessary is to see that they have an assured source of income."

The most important indicator of the success of these projects in terms of economic achievements is, however, the income increase of members. The evaluation report of the Bangladesh Institute of Development Studies states that "it has been found that incomes have more than doubled since the project started. However, only 32.5% of this increase has been directly attributed to the project. If we consider the secondary and tertiary effects a much greater percentage of the increase is owed to the project. The project has also led to some improvement in land-holding and housing."

Another indicator of project accomplishment is the effect on employment generation. It has been noted that with the group activities participants have utilized more of their family labour.

Generally the results of the project in Bangladesh have been encouraging. It has brought out an innovative approach to group action and supervised credit. Apart from improving the economic conditions of the group members, the groups have experience in undertaking group action by developing group personality and discipline, mobilizing savings and establishing contacts with line departments.

While the results in general are encouraging, there are of course also problem areas which require attention. Apart from the fact that some of the groups were less successful than others, one of the major problems still unresolved is the need to link small farmer development groups and their associations to existing cooperative organizations. It should be pointed out that in most of the small farmer development projects, of which Bangladesh is a typical case, the effort was focussing on the "bottom-up" approach. This implied that initially no action was taken to relate to cooperatives and other people's organizations. However after several years of grassroots development of small groups and their associations, serious efforts are now underway to relate these small farmer development groups and their associations to the cooperative system. A statement of the Secretary of the Ministry of Local Government, Rural Development

and Cooperatives, reflects this policy: "We in Bangladesh are committed to promote rural development through a uniform national framework for the purpose of increasing production and achieving distributive justice. Cooperatives have been adopted the appropriate institutional framework, keeping in view our past experience and present socio-political realities. It is, however, a flexible framework and provides for the inclusion of newer components and dimensions evolved through innovative pilot projects. We are implementing SFDP not as a substitute for cooperatives but in support of them so that it can make cooperatives better, and represent the interests of small farmers, small fishermen, landless labourers and other disadvantaged groups. As pre-cooperatives, the SFDP groups can strengthen the base of the national framework and, at the same time, test the validity of new policy premises." This policy statement clearly implies that the SFDP groups and their associations are considered as pre-cooperatives which are to become cooperatives eventually. However, the operational modalities of this process of integration are yet to be developed.

Nepal's experience

The SFDP projects in Nepal are located in two districts: one in the lowland plains, i.e. Dhanusha, and the other in the upland area, i.e. Nuwakot. The projects started in 1975 and comprised a total of 1265 members in 94 groups. There were four group organizers assisting with the formation and development of groups which implies that each organizer was assisting about 23 groups. Also the findings in Nepal have been very encouraging. The family incomes of the poor members have developed as self-reliance increased. Individual family and group planning stimulated also non-economic activities such as literacy classes, family planning, improved home sanitation and drinking water facilities.

The economic advantages of activities at the inter-group and association level encouraged, for instance, seven groups to construct a weaving factory with 20 handlooms. One member, trained by the cottage industries department, has in turn trained 32 other members. Also several groups arranged for bulk purchases of thread for weaving and for the group marketing of

cheese and other dairy products.

The relationships of the SFDP groups to cooperatives are of particular interest. The SFDP group members are members of existing village cooperatives (sajha) in order to have access to agricultural credit. However, in spite of this formal relationship, the linkage between the SFDP groups and the sajhas leaves much to be desired. The SFDP groups receive loans through the sajhas, but the latter are only used as a channel leading to the Agricultural Development Bank, which then takes the required decisions on the basis of loan applications drawn up by the SFDP group organizers. It would be important to encourage the SFDP farmers to take an active interest in the management and direction of the cooperatives of which they are full members. As such, the SFDP groups could fully participate in the election of board members and the ward committee members of the cooperatives and in the ensuing election of board members. Such a move is facilitated by statutory measures which have recently been enacted to ensure that small farmers and, in particular, members of SFDP groups have access to the cooperative Ward Committees and to the Board of Directors of their cooperative. Two-thirds of the seats available on the Ward Committees of the cooperatives are now reserved for small farmers, as well as two-thirds of the seats on the Board of Directors for the primary cooperatives. A recent FAO mission to Nepal proposed an additional safeguard to be introduced: 80% of the loan disbursement of primary cooperatives should be allocated to small farmers and, furthermore, in areas where SFDP groups operate, at least 50% of the farmers' share be reserved for the SFDP groups. It was also proposed that all members of cooperatives possessing more than ten hectares should be excluded from the credit operations of cooperatives since they can have direct access to credit from the Agricultural Development Bank or from commercial banks. It is assumed that if the above mentioned statutory measures be enforced by the Department of Cooperatives and the Agricultural Development Bank, the main beneficiaries of the sajha movement will then be the small farmers. This is particularly relevant in view of the fact that so far about 65% of all sajha credits went to large farmers, while the share of medium, small and marginal farmers was 15%, 12% and 9% respectively.

The relationships of SFDP groups to cooperatives is furthermore confused by the fact that the Department of Cooperatives has recently sponsored the establishment exclusively under its auspices, of small farmer cooperatives specially reserved for small farmers possessing less than 2.6 hectares in the lowlands and one hectare in the hills, and with an annual income of less than 950 rupees. The aim of the Department was to replicate, on its own initiative, the main features of the Small Farmers Development Programme. This could lead to the development of a second category of cooperatives, in addition to the SFDP groups. It is doubtful whether such a multiplicity of cooperative structures will be in the best interest of the small farmers. The above mentioned FAO mission advised that the small farmer cooperatives which have not yet started operating should be gradually merged into the SFDP regular programme. The small farmer cooperative structure should be discarded and the newly established small farmer groups should be made to function as SFDP groups in accordance with customary SFDP methodology. If proved viable, these groups should affiliate with the primary cooperatives (sajha) operating in their neighbourhood.

Prospects for future development

One of the major purposes of the peoples' participation projects under the SFDP programme is to serve as "pilot" for further expansion and replication. As such, these pilot projects were devised in such a way that it enables the development of organizational models and methods for disadvantaged rural people's groupings and organizations which could be applied and replicated through expansion programme in other parts of the area and/or country as a whole. This also implies that the pilot projects are not investment oriented nor should they require excessive cost and administrative density for their operations at local and national levels.

The two Projects in Bangladesh and Nepal under review have been supported by UNDP/FAO for a period of three and four years respectively. In the case of Bangladesh, the pilot project was started in eight villages. It is no small measure of success to learn that this project has now been extended into over 30 villages, especially in the Comilla area, without additional exter-

nal assistance. This self-sustained expansion is also evident from the loans granted by the bank without additional guarantee cum-risk fund. This expansion was also due to the positive community reaction. Villagers near most project sites have organized their own groups in the hope of acceptance into a scheme.

It is now proposed by the Government of Bangladesh to extend the total area of the project to 200 villages during 1982-84, i.e. 50 in Comilla, 50 in Bogra, 50 in Mymensingh, and 50 in Kurigram (sub-division of Rangpur district). This further expansion is expected to be supported by FAO/UNDP in the amount of about US\$ 500,000.

As in the case of Bangladesh, also the Government of Nepal, under its five-year development plan, hopes to expand the Small Farmer Development Programme to 38 districts, with a target of forming at least 6,000 groups by 1984. This large expansion will be made possible by support from the International Fund for Agricultural Development (IFAD) in the amount of U \$ 14.5 million. This large undertaking will be closely monitored and evaluated by FAO and the Nepalese authorities since it will be the first ever expansion of a participatory project of this size. This very encouraging development in Nepal is also indicative of the potential for further growth of other people's participation programmes. IFAD and other international lending institutions are prepared to assist on the basis of pilot effort with sufficient experience.

Also the project of the Philippines will be expanded with support of FAO/UNDP in the amount of about US \$ 850,000. This expansion will cover four additional provinces.

While the expansion of the existing projects in the three Asian countries is progressing, new people's participation projects have been initiated with FAO assistance in Indonesia, Thailand, Sri Lanka, India, Laos and Pakistan. Similar efforts are underway in the African and Near East region. In the African region people's participation projects are in the process of being identified and/or implemented in Ghana, Kenya, Lesotho, Liberia, Sierra Leone, Sudan, Swaziland, Tanzania, Zaire, Zambia and Zimbabwe. In the Near East, The Yemen Arab Republic, Syria, Jordan and Egypt are in the process of requesting and/or receiving support in the field of PPP/SFDP projects. In Latin America, some 14 projects

were identified and are likely to be supported by different donors.

These new developments are certainly encouraging. On the other hand, as one observer in Bangladesh put it, "these projects cannot claim to have made more than a tiny little dent into the problem of rural poverty. Their greatest achievement lies not in leading the disadvantaged groups to break out of the poverty trap, but in awakening them to the possibility of achieving this through group action of a different sort."

V. Programme for the Promotion of Appropriate Management Systems for Agricultural Cooperatives (AMSAC)

Experience in various developing countries has indicated that the capabilities of cooperatives and other organizations of small farmers as agents of agricultural/rural development can be significantly increased if they become more closely oriented to the production process. This means that cooperatives are concerned with what takes place on the farms and not simply with providing commercial services. In other words, raising the efficiency and improving the viability of the members' farms and raising the income of farm families, become a prime focus of their attention.

In adopting this orientation, cooperatives achieve greater relevance to the vast numbers of small farmers (whether owners or tenants) upon whom increased production very largely depends. Besides helping the small farmers to raise the level of their performance they provide a broader means of communication between the primary producers at grassroots level and the planners at others. Through this mechanism the farmers can more actively participate in decision-making concerning agricultural development.

Action to increase agricultural production through cooperatives can take many forms. Generally, one of its basic ingredients is some degree of production planning within the cooperative for, by and between the associated farms. Thereby production lines, targets and requirements can be more clearly assessed and the means to deal with them more precisely determined. Such traditional cooperative activities as credit inputs supply, and marketing then become functionally integrated with the produ-

ction process and with each other. To advance desirable institutional changes in the production system, channels of credit, marketing and processing, cooperatives must also represent and articulate the interests and needs of farmers and other segments of the rural population.

The main functions of cooperatives depend upon the needs of each country, but generally a multi-purpose type of cooperative is seen as the most appropriate. This may go beyond the well-known functions of credit, input supply, marketing/processing and other facilities. Not infrequently, in fact, it provides extension and farm guidance to joint actions by members in cultivation and animal husbandry, such as joint seedbed, land preparation watersupply and control, transplanting, forage-production, procurement of improved seeds and livestock, plant and animal protection, harvesting, etc. Also additional off-farm activities are relevant both to and more value to farm produce and to generate additional sources of income for farmers and members of their families. A case in point is processing of produce besides proper storage and transportation to reduce post-harvest losses as well as improving the capabilities of members as artisans.

Through such procedures, cooperative action is able to transmit improved techniques to broad masses of farmers in typically small farmers' economics. The provision of this "knowledge input" in direct connection with provision of physical inputs (e.g. fertilizers, pesticides, equipment, etc.) considerably enhances the possibilities of a more economical and effective use of such inputs with a consequential improvement of production prospects.

In other words, cooperatives will bring about significant improvements in the lot of the small farmer only if they become more production oriented and develop linkages forwards into processing and marketing, including by-product utilization, to reap the rewards of added value for the farmer. The concept of a production-oriented, integrated system of cooperative development, with the small farmer as prime beneficiary, requires a major thrust in member education since the farmers must understand and support the system in which they operate. The role of the manager becomes more that of development entrepreneur and his training needs to be designed accordingly. The manager, in as much as the members, must understand that the efficiency of a cooperative is to be evaluated not just by reference to its

success as a commercial enterprise, but foremost in terms of its impact on the farm and on farm income.

In the new approach of fully integrated production-oriented cooperatives, primary producers are involved in all the stages of agricultural production from the farm to the consumer. This production oriented and integrated cooperative system provides a structure for grassroots, involvement of the farmer with the provision of a complete package of input services and opportunities of storage, processing and marketing his product to the consumer, in order to improve economic and social gains. This integrated system has the following main characteristics.

- (a) The main objective of this integrated system is to create conditions for a self-reliant and growth-oriented farmers organization.
- (b) It attempts to increase income of the members/farmers and simultaneously helps improve social benefits.
- (c) Active involvement of cooperative members in the identification, planning and implementation of cooperative activities-on-farm as well as off-farm.
- (d) The management should be characterized by “development entrepreneurship”, supporting and guiding the members in the identification, planning and implementation process.
- (e) The production orientation of the system normally involves the joint undertaking of primary production planning and operations by farmer groups or all farmer members of the cooperative.
- (f) The system, generally, should encompass and utilize all vertical and horizontal linkages that enhance its performance.

In recognizing this integrated system and the economic and social benefits that it can achieve existing cooperative approaches and structures should be examined with the intention of enhancing their degree of integration. A step by step approach should be adopted in order to avoid failure. This would involve a careful assessment of the prevailing economic and structural situations to decide on the most suitable form of integration within a particular country. Effective integrated development

will necessitate a clear understanding between government and cooperatives to define their respective roles and ensure that cooperatives and their members participate in production and marketing systems with satisfactory margins and returns.

Each country has different forms of government organizational structure and many governments operate Marketing Boards or Crop Authorities for marketing agricultural commodities. Vertically integrated developments realize their full economic and social benefits for grassroots members only if certain basic conditions are fulfilled. There is in particular a need for an even more effective implementation of rural and agricultural development policies which is a part of the development policy of many governments. This would include the improvement of the organization of government services to agriculture through better coordination among the ministries involved. Special attention should be given to the need of harmonizing the agricultural extension services with cooperatives. Another important prerequisite is a government policy, practised in many countries, of permitting cooperatives a gradually wider sphere of action as they develop in capacity. Representation of small farmers on Marketing Boards or Crop Authorities is essential in order to participate in determination of price structures and thereby ensure that primary producers enjoy the full economic advantage of their labour. This should ensure an optimum cash flow back to small farmers. This example emphasizes the need for a careful appraisal of the relationship between cooperative producers organized on an integrated basis for production and their government. It suggests that support and understanding by the government will be required, with the possibility of adjustments to the relationship which permit scope for initiative and planning functions arising from below.

The Amul Dairy Cooperative at Anand, India, is an example of a fully integrated cooperative handling a non-export commodity. Many arable food crops are more difficult to organize cooperatively. The possibilities of achieving cooperative integration in the field of subsidiary food crops and other commodities should be fully explored.

Many existing cooperatives are multi-purpose societies and they often operate a collection of separate functions not directly aiming at the increase of farm income. In the new approach to

integrated functioning, the activities could be examined in the light of management targets set to create the optimum economic and social gains for their members. This may involve additional directly related functions designed in a purposeful manner to build a stronger system.

Potential economic and social benefits from integrated production-oriented cooperative structures should lead to opportunities for allocating part of the surplus to social benefits for members. Economic gains could include increased income; opportunities for capital formation; decreased level of risks; and increased services to members. The social implication for a cooperative having a strong financial base include the possibility of increased employment; increased freedom and self-confidence; better opportunities for skill improvements and educational projects. The effect on a local population belonging to such a cooperative could result in a substantially improved quality of life.

Training for members considered particularly important as it is considered essential that they understand the cooperative system in which they participate. In the development of integrated systems, success will depend on the establishment of appropriate management systems capable of responding to meet the needs of an organization growing in size and complexity. This should not be considered to be a constraint or a problem but should be treated as an essential input for which provision must be made. Thus management training should take place from basic to senior levels and be geared to equip staff with appropriate training for their expected tasks and responsibilities, with particular emphasis on management. There will arise needs for re-training of staff in new concepts and also special skills that may be outside the experience of the existing cooperative staff. It is likely that changes of direction or new cooperative ventures will create the need for workshop seminars designed to familiarize local development staff, especially agricultural extension staff, and administrators with the new concepts of cooperative development that are being exploited.

The FAO programme for the development of appropriate management systems for agricultural cooperatives (AMSAC) has been initiated with this end in view. This new approach of integrated cooperative management systems is being developed with national institutions like the Indian Institute of Manage-

ment, Ahmedabad (IIMA) and the University of Marburg, Germany. The programme is carried out in close collaboration with the German Foundation for International Development (DSE); the Plunkett Foundation, Oxford; and the Swedish International Development Authority (SIDA). International organizations like the International Cooperative Alliance (ICA) and the Agricultural Cooperative Development International (ACDI) are also participating.

The AMSAC programme envisages four action phases. During the *first phase* a guide on Management of Small Farmers' Cooperatives has been prepared, with a view to sensitizing cooperative leaders and trainers in the integrated cooperative approach. The *second phase* involves assisting the national institutions in developing countries in the preparation of country-specific manuals and training materials, keeping in view the specific management systems related to different crops, organization structures, and taking into account different social and political conditions. The *third phase* assists, where appropriate, in the development of action-oriented programmes including the testing of the applicability of specific manuals. The *fourth phase* is to organize comprehensive training programmes for policy-makers and management personnel in cooperative systems. An integral part of such a programme is the development of appropriate methods for the evaluation of rural cooperatives.

In the early stages of implementing programmes of this nature, government support for training would be essential but the cooperatives themselves should eventually assume the responsibility for training their own staff and members.

The role of research, including feasibility studies constitutes one of the first steps in seeking the way forward in this new type of cooperative approach. Feasibility studies could be conducted within existing cooperative movements to develop a more integrated approach. This research should include studies on one or more commodities, including the whole range of possible stages of cooperative involvement. Emphasis should be given to studies on the relationship which should be established between cooperatives and outside institutions, particularly Marketing Boards. Governments should be encouraged to support this research with the objective of finding pragmatic solutions to proposed organizational changes. The international agencies already

mentioned are requested to assist the research studies with both finance and experienced cooperative personnel. It is considered that a number of small but well-integrated systems already exist, often supported by nongovernmental organizations (NGOs) and these should be studied to see if their experiences should be helpful to those contemplating integrated developments.

While FAO is promoting the AMSAC programme, ILO and ICA continue to develop their training materials and methods programmes, i.e. MATCOM and CEMAS. However, it was jointly agreed between ICA, ILO and FAO to harmonize their respective cooperative training materials programmes, i.e. CEMAS, MATCOM and AMSAC. A study has been prepared recently and is being considered by the parties concerned. Subsequently, action will be taken in order to increase collaboration between the organizations through joint planning and monitoring of action. This constitutes a positive illustration of regional and global cooperation of non-governmental and inter-governmental organizations supporting cooperative development in Third World countries.

VI. Energy Use and Conservation in Agricultural Cooperatives and other Rural Groups

Another illustration of regional and global collaboration in support of cooperative is the proposed programme for energy use and conservation in agricultural cooperatives and other rural groups. The idea was developed at the ICA Agricultural Congress in Moscow in 1980 in which FAO was requested to undertake a study on the subject, with a view to prepare the ground for a programme with ICA. Since the energy crisis of the 1970s, there has been an upsurge and interest in energy conservation throughout the world, with more and more attention being paid to alternative sources of energy and to reducing dependence upon fossil fuels. The first phase of this interest may be seen as culminating in the UN Conference on New and Renewable Sources of Energy, held in Nairobi in 1981, after which a second phase of greater implementation of these ideas can be expected. As a result of increasing costs of energy, particularly those derived from fossil fuels, many countries are facing difficult decisions regarding the use of limited foreign exchange

for the purchase of both food and energy. At the lower level, individual inputs while, at the same time, strive to maintain agricultural production. There is thus a tremendous incentive throughout for both LDCs and industrialized countries to develop energy saving and substitution systems.

The aim of the proposed programme will be to bring about an awareness of the possibilities of these techniques to highlight the potential for group action and to put them into practise in a variety of rural situations in the Third World.

It is recognized that most countries of the world have already identified and embarked upon development programmes both in the field of energy conservation and in the field of rural development. It is the intention of the proposed programme to make use of existing knowledge and expertise in the particular country and region for the implementation of energy saving ideas through cooperatives and groups. These ideas will largely follow national perspectives. Where rural development programmes have been established, energy saving activities may be linked to existing groups to strengthen the overall objectives of the programme.

It is envisaged that the proposed programme might have the following components:

- (i) continuing service network for information exchange;
- (ii) Project identification through regional consultations and meetings with the possibility of pre-project feasibility studies where necessary;
- (iii) project implementation and evaluation.

It is expected that in the context of this programme, the ICA Regional Offices may play a major role as the base for project identification, monitoring and evaluation of project of affiliated organizations at the country level.

VII. Development of Institutions for the Promotion of Co-operatives

As has been discussed earlier, one of the major weaknesses of cooperative development in the third world countries is the strong dominance of governments who try to promote cooperative development from top to bottom. This phenomenon is not only

characterized by the top-bottom approach but also by the paternalistic and bureaucratic attitudes which are typical features of government/cooperative relationship. In other words, a government institution such as a cooperative department is not always the best suited institution to promote grass-roots' organizations. As a matter of fact a few countries have departed from the traditional role of cooperative departments promoting cooperatives in that new bodies have been established. The major distinction to be made in this context is that the traditional government department is mostly confined to regulatory functions in support of cooperative development, with emphasis on registration, law enforcement, etc. Only to a limited extent promotional functions are being performed by these departments. This situation may be improved through the division of labour between government departments performing regulatory functions and separate bodies promoting cooperative development.

A case in point is, for instance, the well-known National Cooperative Development Corporation (NCDC) of India. A more recent development is the establishment of the Cooperative Foundation Philippines Inc. (CFPI) to undertake the promotional role. An amount of Peso 2 million was originally provided from USAID to the National Economic Development Authority (NEDA). An additional Pesos 2 million have been contributed by the private sector. Government approval has been given to increase the fund to Peso 10 million, with a further contribution of Pesos 6 million from USAID through NEDA. The CFPI, according to the agreement, has to invest the money and utilize only the interest. The major reason for this change of policy in respect of government institutions supporting cooperatives were given as follows:

- (i) Running a cooperative business is not within government competence.
- (ii) When government initiates cooperative development, it does not contribute to self-reliance contrary to such initiatives taken by the private sector or non-governmental organizations.
- (iii) The level of technical competence of government personnel is comparatively low due to low salary scales offered by government as compared to the private sector which can

hire better qualified persons due to the flexibility in fixing salaries. It is difficult to develop competitive capability required for cooperatives in order to compete with the private sector within the context of a government support environment.

- (iv) Due to the hierarchical structure of the government machinery, many problems are brought to the attention of the central decision-making level if they were handled by a non-governmental agency.

The above is a vivid illustration of a recent decision in favour of separating the promotional function from the traditional role of government departments in support of cooperatives.

There is yet another aspect to this, i.e. the transfer of expertise and funds from industrialized countries to Third World countries in support of cooperatives. Also in this context a non-governmental agency could promote cooperatives more efficiently than government departments usually are capable of doing. A recent development in Zambia illustrates this aspect. The external aid to cooperatives provided to Zambia by the Swedish International Development Authority (SIDA) was exclusively channelled to the Zambian-Government. It is for the first time ever that this has been changed in favour of a direct NGO to NGO cooperation, this implies that the National Cooperative Federation of Zambia with the full support and agreement of the Government of Zambia-Obviously this entails that both the donor NGO and recipient NGO must have the capability to take over the role hitherto performed by the respective government agencies.

While no conclusive lesson can be drawn from the above experiences, it is important to follow these developments closely both from a NGO and inter-governmental point of view since these innovative approaches and methods are very much in favour of genuine cooperative collaboration. It is felt that ICA and other non-governmental organizations would be well advised to seek the collaboration of FAO and other inter-governmental agencies in carefully studying the above attempts and similar cases, in order to improve promotional institutions and technical assistance systems in support of cooperatives.

Report of Commission-III

Subject : Cooperation Among Cooperatives on A Regional and Global Level.

The participants were delegates from India, Singapore, Malaysia and the Philippines.

The Commission was also assisted by Mr. J.M. Rana and Mr. M.K. Puri of the ICA ROEC. The Chairman of the Commission was Dr. R.C. Dwivedi from India.

The Chairman announced to the Commission the questions referred by the Conference for deliberations as follows :—

Question 1 : Discuss the potential of economic collaboration between cooperatives :

- i. in the region of South-East Asia; and
- ii. between your cooperatives and the rest of the world.

Question 2 : Specify the difficulties you see in achieving such collaboration and suggest ways for overcoming them.

Question 3 : What do you think can the ICA ROEC do in promoting economic and ideological collaboration between cooperatives?

Dr. S.K. Saxena, Senior Consultant to the Swedish Cooperative Centre, Stockholm, initiated the discussion.

Mr. Bonifacio M. Marcos from the Philippines was nominated and elected as the Rapporteur of the Commission.

Dr. Saxena in his introductory remarks said that there was a large range of products of the South-East Asian Region that were in demand in the West. He said that a list of such products which have export potential from countries of South-East Asian Region should be prepared and supplied to cooperative trading organisations in advanced countries. He further

observed that the commission may consider after identification of the commodities the problems and the needed institutional framework to solve the problems.

Mr. M.K. Puri on a point raised regarding follow-up in implementation of resolutions of the Open Asian Conference on Cooperative Management held in 1975, informed the Commission on the follow-up action taken by ICA ROEC as follows :—

- (a) The Asian Cooperative Development Bank.
- (b) The Asian Regional Exchange Commodity Centre.
- (c) The Asian Cooperative Technology Centre.
- (d) The Asian Cooperative Insurance System.

Mr. Puri observed that the establishment of an Asian Cooperative Development Bank was not yet feasible on technical grounds and operational aspects. This was reported and discussed at the ICA Regional Council in their meeting held in Teheran (Iran) in 1976. In regard to the Commodity Exchange Centre the Commission was informed that as a follow-up action an International Cooperative Trading Organization was established with headquarters in Singapore having seven countries taken up membership namely, Singapore, Malaysia, Indonesia, Australia, Sri Lanka, Philippines and Thailand. Subsequently Philippines had withdrawn from its membership. The experience of the working of ICTO has not been encouraging and has rendered the organisation into languishing situation. As regards setting up of Cooperative Technology Centre it was explained that a separate institution of this nature could not be set up and member organisations are advised to take advantage of the facilities provided by **TECHNONET ASIA** which was established by the Canadian International Development Authority in Singapore. The ICA ROEC had taken measures for the promotion of the cooperative insurance systems in the Philippines and Sri Lanka.

The resolution including five points moved by Atty. Vicente Martires, Legal Counsel, Cooperative Union of the Philippines and seconded by Mr. Raja Nasron, Chairman, National Cooperative Housing Society of Malaysia were discussed along with the above listed three questions referred to the Commission.

Potential of Economic Collaboration Between Cooperatives

A number of commodities were identified in the Region having potentialities for international trade both within and outside the Region as follows.

	Within Region	Outside Region
India	Onion Mango Juice Fish Handloom Tea Spices Garlic	Tea Spices Vegetable Fruit Ground nut Tapestry and furnishing Readymade garments.
Sri Lanka	Tea Spices Fish	Tea Spices Orchid
Thailand	Rice Maize Tapioca Fruit & vegetable	Orchid Knockdown furniture Pineapple
Malaysia	Palm oil	Orchid Batik Prawns
Singapore		Orchid Fish
Philippines	Sugar Poultry Rice	Pineapple Feed meal Coconut oil Tobacco Shoes
Indonesia		Spices Batik Ratan furniture Lumber

2. The member countries should make use of the list of commodities having export potential as prepared by the ILO/SIDA Cooptrade Project which has recently been supplied by the ICA

ROEC to all member organisations in the Region.

3. More people from the cooperative sector should attend the Trade Conference organised by the ICA so that there is better exposure to the products of the South-East Asian Region on a global level.

4. The participants of the Open Asian Conferences organised by ICA ROEC should bring with them a list of exportable commodities along with samples if possible and their prices on f.o.b. or c.i.f. basis.

5. It was further suggested that at the international cooperative meetings and conferences an exhibition of products which have export potential should be arranged as this might help the parties intending to enter into export and import trade.

6. The official delegates sponsored by their governments and trade promotion organisations should include cooperative trading organisations having potentialities for export trade. The national movements should establish necessary contacts with their governments for representation of cooperative movement.

7. The bilateral trade agreements entered into, cooperative products/organisation should be included specifically.

8. Apart from promotion and development of inter-regional trade on commodities, consultancy on technical know-how within the cooperative movement should be promoted on mutual exchange basis, such as sugar technology, fertiliser, banana fiber, coconut coir, etc,

Difficulties in achieving regional and global collaboration

1. The commission identified number of problems which function as constraints in the promotion and development of economic collaboration between cooperatives on regional and global level which relate to organisation, finances, market intelligence and statistics, lack of communication, lack of know-how, national taxation and tariff policies, legal problems, sensitivity of buyers in regard to standardisation in quality of products, reliability of timely supply and the skill of production. The following suggestions were made to overcome these difficulties:—

- i. Each cooperative movement should establish in its national

organisation a special department depending upon the size and possibilities of promoting economic collaboration, which should deal with different aspects of such collaboration.

- ii. The ICA ROEC should, after appropriate preparation, invite a delegation of selected cooperative financing institutions from developed countries to explore the possibilities of investment in cooperative projects in the South-East Asian Region .
- iii. In order to be effective at the international level it is necessary to strengthen the cooperatives within the country. The Commission did not discuss this aspect elaborately because this subject has been referred to Commission-II.
- iv. The cooperatives in each country of the Region should take necessary measures to produce quality goods in order to build up an image and goodwill in international market.
- v. The national organisation should prepare an index of commodities produced in their respective countries and supply such index to the national organisations along with the price quotation.
- vi. The government of each country should be requested to encourage cooperatives for entering into international trade on preferential basis.
- vii. In order to meet the financial needs a suggestion was made by the Malaysian delegate to explore the possibilities of soft-loans from sources such as the oil exporting countries.
- viii. The national organisation should give due attention and priority to provide facilities for training in business management, education and know-how in handling the foreign trade.
- ix. There should be full comprehension of the formalities, legal and procedural for trading with other countries by the cooperative organisations and they should make them known to their counterparts while negotiating the deal.

Role of ICA in promoting economic and ideological collaboration between cooperatives.

1. The Commission appreciated the work done by the ICA

ROEC for South-East Asia in the fields of education and training, promotion of cooperative ideology and international cooperative trade. In this context it was felt that the ICA ROEC should be strengthened so that it should diversify its activities and also play a more active role in the field of promotion of international trade and economic collaboration between and among the countries within and outside the South-East Asian Region.

The Commission also considered the suggestion made by Atty. Vicente Martires of the Philippines that a preparatory commission be set up for the establishment of an Asian Confederation for business purposes analogous to the Asian Chambers of Commerce

The Commission recommended that the ICA should set up an authoritative commission for defining the contribution which the cooperative movement should make to the establishment of a new world economic order.

After considering the above, the following recommendations were made:—

- i. The ICA ROEC should prepare a national trade directory of all cooperative organisations in the Region, listing all cooperatives dealing in international trade including brief information about their institution together with names and the type of commodities dealt in.
- ii. The ICA ROEC should place before each future Open Asian Conference a detailed report of the follow-up action taken on the various recommendations of the previous conferences.
- iii. The ICA should assist the member organisations in identifying areas where joint ventures could be set up both inside and outside Region.
- iv. The ICA ROEC should convene a conference of selected representatives from countries of the Region to discuss various aspects of economic collaboration and trade relation among cooperatives before the next Cooperative Trade Conference which is expected to be held in Egypt some time in 1982.
- v. The ICA ROEC should arrange from time to time trade delegation of representatives of cooperative trading organisations to explore the possibilities of developing trade links

inside and outside the Region.

- vi. As regards the resolution to set up the proposed asian cooperative confederation for business purposes some participants expressed that cautious approach should be taken in view of the past experience of ICTO and that use of existing organisation should be made. The Commission however expressed the sense that a preparatory committee should be set up by the ICA ROEC to examine the various aspects in setting up the proposed confederation.
- vii. Observing that the ICA Central Committee has always held its meetings in the Western countries, the Commission expressed that it should also meet in the Asian Region in view of the large membership from the Region represented in the ICA. This will also provide an opportunity to the members of the Central Committee to appreciate and understand the aspirations of the developing cooperative movement in this part of the world. It was further recommended that the ICA ROEC should convey the feeling and sentiments of the conference to the ICA Central Committee.
- viii. As regards reorganisation and strengthening of the ICA ROEC, it was suggested that measures should be considered after the findings and recommendations of the Evaluation Committee set up by ICA are made available to the member movements in the Region.

PROGRAMME

5th November, 1981 Arrival of participants and registration

6th November, 1981

9:00 a.m. Inaugural Session

Welcome by Host Movement
Address by the ICA Regional Director
for South-East Asia
Inaugural Address

11:00 — 11:30 Tea Break

11:30 — 12:30 Objectives and Working Methods
of the Conference

12:30 — 2:00 Lunch Break

2:30 — 4:00 Presentation of Paper 1.

**“COOPERATION AMONG MEMBERS
AT THE LOCAL LEVEL”**

1st Speaker:

Mr. M. Kameda,
Chief, Farming Guidance Section,
Central Union of Agricultural Cooperatives,
Tokyo, Japan

2nd Speaker:

Dr. J.M. Gunadasa,
Senior Lecturer, Dept. of Geography,
University of Peradeniya,
Sri Lanka

4:00 — 4:30 Tea Break

4:30 — 5:00 Discussion

7th November, 1981

9:00 — 10:30 **Presentation of Paper 2:**

**“COOPERATION AMONG
COOPERATIVES WITHIN A
COUNTRY”**

1st Speaker

Mr. P.R. Dubhashi
Director
Indian Institute of Public Administration
New Delhi

2nd Speaker:

Mrs. Nelia T. Gonzalaz
Assistant Secretary for Agriculture
Ministry of Agriculture &
Officer-in-Charge
Bureau of Cooperative Development
Quezon City, Philippines.

10:30 — 11:00 **Tea Break**

11:00 — 12:00 **Discussion**

12:00 — 2:00 **Lunch Break**

2:00 — 3:30 **Presentation of Paper 3:**

**“COOPERATION AMONG
COOPERATIVES ON A REGIONAL
AND GLOBAL BASIS”**

1st Speaker

Dr. S.K. Saxena
Senior Consultant
Swedish Cooperative Centre
Stockholm, Sweden

2nd Speaker:

Mr. N.J. Newiger
Senior Officer
Cooperative & Other Rural Organisations Group
Human Resources, Institutions & Agrarian Reform
Division, Food & Agriculture Organisation of UN
Rome, Italy.

3:30 — 4:00 **Tea Break**

4:00 — 5:00 **Discussion**

8th November, 1981

- 9:00 — 12:00 **Commission Meetings:**
Commission 1: Cooperation among members at the local level
Commission 2: Cooperation among Cooperatives within a Country
Commission 3: Cooperation among co-operatives on a regional and global basis
- 12:00 — 2:00 **Lunch Break**
 2:00 — 5:00 **Commission meetings**

9th November, 1981

- 9:00 — 10:30 **Final Plena**
 10:30 — 11:00 **Tea Break**
 11:00 — 12:00 **Final Plenary**
Presentation, Discussion and Adoption of Commission Reports
- 12:00 — 2:00 **Lunch Break**
 2:00 — 5:00 **Final Plenary**
Presentation, Discussion, and Adoption of Commission Reports
Closing Ceremonies

10th November, 1981 Study Visits**11th November, 1981 Departure of Participants**

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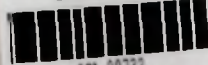
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is one of the oldest of non-governmental international organisations. It is a world-wide confederation of cooperative organisations of all types. Founded by the International Cooperative Congress held in London in 1895, it now has affiliates in 66 countries, serving over 355 million members at the primary level. It is the only international organisation entirely and exclusively dedicated to the promotion of cooperation in all parts of the world.

Besides the Head Office of the ICA, which is in Geneva there are three regional offices, viz., the Regional Office & Education Centre for South-East Asia, New Delhi, India, started in 1960; the Regional Office for East and Central Africa, Moshi, Tanzania, started in 1968 and the Regional Office for West Africa, Bingerville, Ivory Coast, started in 1979.

The main tasks of the Regional Office & Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to represent the Alliance in its consultative relations with the regional establishments of the United Nations and other international organisations, to promote economic relations amongst member-movements, including trading across national boundaries, to organise and conduct technical assistance, to conduct courses, seminars and conferences, surveys and research, to bring out publications on cooperative and allied subjects and to support and supplement the educational activities of national cooperative movements. The Regional Office and Education Centre now operates on behalf of 15 countries, i.e. Afghanistan, Australia, Bangladesh, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka and T

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