



General Assembly

Distr.
GENERAL

A/38/63
11 January 1983

ORIGINAL: ENGLISH

Thirty-eighth session

NATIONAL EXPERIENCE IN ACHIEVING FAR-REACHING SOCIAL AND
ECONOMIC CHANGES FOR THE PURPOSE OF SOCIAL PROGRESS

National experience in promoting the co-operative movement

Report of the Secretary-General

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I. INTRODUCTION

1. The present report was prepared in pursuance of General Assembly resolution 36/18 of 9 November 1981, in which the Secretary-General was requested to prepare, in consultation with Member States and relevant organizations of the United Nations system, a comprehensive report on national experience in promoting the co-operative movement, paying particular attention, *inter alia*, to the role of co-operatives in social and economic development; the participation of peasants, including landless peasants, as well as women and youth in co-operatives; the interrelationship between agrarian reform and agricultural co-operatives; and difficulties faced by countries in the establishment and development of co-operatives and their experience in overcoming them. The Secretary-General was requested to submit, through the Commission for Social Development and the Economic and Social Council, this report to the Assembly at its thirty-eighth session.
2. Two reports on national experience in promoting the co-operative movement were previously submitted to the General Assembly: in 1978 (E/1978/15 and Corr.1 and 2) and in 1981 (A/36/115). The resolutions covering these reports were, respectively, 31/37 of 30 November 1976 and 33/47 of 14 December 1978. The earlier report was based on a large volume of information provided by Member States and international organizations in response to a questionnaire. It was essentially a factual account, in summary form, of recent developments in the world co-operative movement. For the second report a questionnaire was again sent out, but in view of the relatively short time that had elapsed, it elicited only a limited amount of new information. As a consequence, the 1981 report tended towards a general discussion of issues rather than an enumeration of facts.
3. The present report provides a review and analysis of important issues affecting co-operatives. It is based on new information received as well as on aspects of the two earlier reports.
4. Previous analysis has demonstrated the universality of co-operative enterprises. There is probably no country in which co-operatives are entirely absent. There are a few countries whose Governments discourage economic associations; but even in such countries small co-operatives still manage to exist.
5. It is likely that official statistics underestimate the number of co-operatives, particularly in developing countries. Many small co-operatives may find it convenient not to be registered, hoping thus to remain unknown to national authorities. This applies, for instance, to co-operatives set up in some countries by trade unions, which may fear the intervention of hostility of the Government. A significant recent development is the emergence of a more experimental approach to the problems of organizing popular participation. This has created a "grey area" involving organizations which, though clearly not co-operatives, have common objectives with co-operatives. Even in some developed countries there has been in recent years an outcropping of so-called "emergent" or unorthodox co-operatives (see paras. 45 and 46) which often carry on their activities in an informal manner. There are also considerable numbers of associations which, although they have certain characteristics of co-operatives, do not meet all the requirements for formal registration as co-operatives. 1/ This is perhaps one of the most

significant developments in recent years. It indicates the spread of a more experimental approach to the problems of organizing people's participation for various purposes. There is a feeling among both practitioners and students of co-operation that a rigid concept of co-operative theory is not always understood or accepted in the developing countries and should be avoided. Some of these looser associations may finally decide to become co-operatives: an intention to do so is implied in the term "pre-co-operative". But the formal adoption of co-operative status should not be seen as an obligatory goal, or a test of their legitimacy.

6. A case in point is the programme on People's Participation in Rural Development through Promotion of Self-Help Organizations of the Food and Agriculture Organization of the United Nations (FAO). The specific aims of the programme are 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) Supporting rural employment and income-raising activities of these organizations;

(c) Stimulating linkages with existing national rural servicing agencies.

Thirty-two project proposals have been prepared since 1980 under the programme: the geographical distribution is as follows: Africa, 10; Asia, 5; Latin America, 15; Near East, 2. Projects in Egypt, India and Pakistan are currently being implemented, in addition to small farmers' development projects in Bangladesh, Indonesia, Nepal, and the Philippines, which have been in operation since 1975 and 1976. Most of these proposals were prepared by non-governmental organizations or government departments, with the assistance of consultants.

7. In this context, it would be useful to mention the report of the Panel on People's Participation of the ACC Task Force on Rural Development which was convened for the first time - by the International Labour Organisation (ILO) at Geneva, from 19 to 21 January 1982. The Panel has identified a broad area of work in which it could play a useful role in promoting people's participation. One of its first projects is the preparation of a manual for the evaluation of participation. Other fields of activity include: (a) analyzing constraints to participatory rural development; (b) stimulating investment funds in participatory projects; (c) promoting joint agency field projects; and (d) enhancing women's participation in rural organizations. There are lessons to be learned from co-operatives that have been successful in a variety of regions, economic environments and branches of activity. One way of illustrating this would be to carry out a series of case studies of chosen co-operatives, using a standard methodology. This task might suitably be undertaken, for instance, by the Joint Committee for the Promotion of Aid to Co-operatives (COPAC) in close consultation with bilateral governmental and voluntary agencies having experience of co-operatives, particularly in developing countries.

8. The Programme of Action adopted by the World Conference on Agrarian Reform and Rural Development, that was endorsed by the General Assembly at its thirty-fourth session (resolution 34/14), underscored the importance of people's participation in rural development, stating that this could be brought about, "... 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 co-operative and other voluntary forms of organizations for implementing and evaluating them". 2/ Involvement of the least advantaged is a necessary condition for developing a strategy for rural development that can effectively combat rural poverty.

9. The universality of co-operative enterprises does not imply uniformity in their organizational structure or in the types of activities they perform. On the contrary, national experiences in this field are characterized by extreme diversity: diversity in the types of enterprise, in their relative strength and in their relations with one another and with the public authorities.

10. An important aspect of co-operative universality is that these organizations can and do function in any political and economic system where they are not expressly forbidden. There are flourishing co-operatives in both centrally planned and market economy countries. As for the developing countries, there is no clear-cut relationship between the type of social system and the number and importance of co-operatives. It is, however, evident that co-operatives, like any other enterprise, are conditioned by the systems within which they operate. This statement, while referring primarily to national economic systems, applies also to the international market structure. To the extent that co-operatives are involved in transactions governed by the international market system, they are also affected by it.

11. It would be appropriate to mention the colonial legacy which has left its imprint on co-operatives in many developing countries, particularly in Africa and Asia. Co-operative systems imposed or sponsored by the colonial powers tended to be based on their metropolitan system. Following independence, many developing countries retained certain features of the European co-operative model; in important respects, however, they adapted their co-operatives to the requirements of their own market as well as to conditions of the international market place. A number of developing countries, for example, have organized producer exporting associations based on principles of co-operation for the purchasing and marketing of ground-nuts, cocoa, coffee, sugar, bananas, coconuts and natural rubber. These changes notwithstanding, many developing countries still rely heavily on the export of agricultural raw materials and cash crops to earn foreign exchange and have not given sufficient weight to the importance of increasing the production, distribution and consumption of staple food crops, and the potential of co-operative endeavours in these fields.

12. Technical assistance for the promotion of co-operatives in the third world has tended to assume, until quite recently, that experience acquired in one country or region could be automatically applied elsewhere; and to the extent that co-operatives are inspired by universal principles the assumption is logical

enough. It is now widely appreciated that the European-type of co-operatives cannot be successfully transplanted without appropriate changes adapting it to the special circumstances of the developing countries. A growing number of developing countries have amended their legislation on co-operatives by making provision for simplified types of associations (often called "pre-co-operatives"). These changes reflect their own experience with co-operatives.

13. This does not mean that exchange of information and experience between developed and developing countries have outlived their usefulness. At a psychological level such exchanges foster the feeling of belonging to a world-wide movement with an established record of success; they bring home to the established co-operatives their responsibility for assisting, in whatever way possible, those that have not yet made as much progress, thereby encouraging them to persevere in their efforts. Everything possible should be done to encourage "movement-to-movement" programmes which hold out considerable potential for strengthening co-operatives by fostering ties between developed and developing countries and between developing countries. In considering such collaboration, it is necessary to emphasize the need for freedom of association to ensure democratic participation.

14. While the term "world co-operative movement" covers a substantial reality, symbolized by the International Co-operative Alliance (ICA) with its 360 million individual members in 64 countries, the term "national co-operative movement" is often misleading. There are many instances where the implied unity does not exist or is very imperfect. This is often due to an opposition of interests between different types of co-operatives or to the existence of two or more co-operative apex organizations of differing political allegiance. As the international non-governmental organization representing the world co-operative movement, ICA has proclaimed "co-operation among co-operatives" as one of the basic principles of the movement and is making efforts to translate this into practice, particularly at international level.

15. The Secretary-General's report prepared for the thirty-sixth session of the General Assembly (A/36/115) contains, in section II, a synoptic view of the development status of the major forms of co-operatives, together with some statistical annexes. The picture would not be substantially affected by the addition of any statistics that have become available since the preparation of that report.

II. ROLE OF CO-OPERATIVES IN ECONOMIC AND SOCIAL PROGRESS: POTENTIALS AND PROBLEMS

16. In resolution 36/18 of 9 November 1981, the General Assembly again stated its conviction that "co-operatives play an important role in the socio-economic development of developing countries". It also affirmed, by implication, that co-operatives could make a substantial contribution to the implementation of the International Development Strategy for the Third United Nations Development Decade. ^{3/} The two previous reports have amply documented these claims and the more recent information available confirms the continuing interest of many

Governments and international institutions in the development potential of co-operatives. Research undertaken by the World Bank, for example, shows that about half of all its agricultural and rural development projects in the financial year 1981 sponsored in various ways the activities of rural co-operatives and/or other forms of farmers' organizations.

17. The World Food Programme (WFP) has also shown a keen interest in co-operatives since a report on food aid and co-operatives, prepared in collaboration with ILO and FAO, was presented to its Governing Council in 1977 (WFP/CFA.4/12/Add.1). It considers that the involvement of co-operative and similar institutions in WFP-assisted projects offers advantages to co-operatives while furthering the purpose of WFP. Food aid can be effectively used to stimulate and support co-operative action, while co-operatives can ensure that the best use is made of food aid. In order to strengthen work in this field, ILO, in collaboration with WFP and with the help of bilateral funding, has recently formulated a national and regional approach for Central America, and Sahel and South-East Asia, whereby ILO's technical assistance and WFP's food aid will be combined to support agricultural and rural development projects. These projects aim, among other things, to improve the position of marginal communities and provide valuable practical experience on how to promote self-help and self-reliance through co-operative action. A number of WFP projects contain a co-operative or similar institutional component: one of the most successful is "Operation Flood" whose purpose was to establish in India a modern dairy industry based on the practices of the successful Anand dairy co-operative (see para. 64 below).

A. Some misconceptions about co-operative development

18. Although the problems of development are no doubt better understood today than they were 20 years ago, there are still misconceptions about the role co-operatives can play in promoting economic and social progress. One such mistaken notion has already been mentioned: the belief that co-operatives can succeed even when external circumstances are unfavourable. Another mistake is the failure to recognize that co-operation is slow in developing; perseverance and patience are needed if benefits are to be forthcoming.

19. The basic misconceptions, however, concern the essential nature of co-operatives. They exist to benefit their members primarily through their joint efforts. Members will be supportive of their co-operatives to the extent they derive benefits from them. Experience has demonstrated that where co-operators feel that the co-operative is not working on behalf of their interests, they are likely to lose interest in it.

20. Governments in some developing countries also tend to see co-operatives as one instrument among others for carrying out development policies. Such policies are not always at variance with the interests of the co-operators but neither do they necessarily coincide. Governments have, at times, used co-operatives as vehicles to apply unpopular measures. Where this is done, it is because Governments tend to look upon co-operatives as instruments of development rather than as organizations of people who could and should determine their own objectives and participate in

decision-making and the benefits of development. Consequently, members often look at co-operatives as another type of government institution rather than as their own organization and, as a result, tend to lose interest.

B. Role of government in promoting co-operatives

21. Experience has shown that co-operatives are more effective in promoting economic and social development when they are united within a national structure, such as a federation or, more broadly, a co-operative movement. Government is not likely to remain indifferent to this structure. In most developing countries, Governments have had a hand in promoting co-operatives and a co-operative apex organization (where they exist). In Egypt, where government support is necessary to promote the co-operative movement, legislation was recently enacted to strengthen co-operatives in the spheres of marketing, management and finance. How, then, can Government most effectively help co-operatives bring economic and social benefits to their members and at the same time contribute to overall development? It is on this delicate interplay between Government (or public authorities in general) and co-operatives that success or failure often depends. The difficulties are considerable: often diverging interests, but also a lack of communication in the broadest sense, partly due to objective factors such as language and geographic inaccessibility complicated by cultural diversity, traditional attitudes, suspicion and fear, make mutual understanding an elusive goal.

22. If any general guideline can be useful, it would be to recommend that government assistance take indirect forms wherever possible. Suitable legislation, for instance, is usually essential for the growth of a co-operative movement: it should protect co-operatives from being exploited by hostile groups and organizations while avoiding excessively complicated regulations which might lead to inefficiency and stagnation. In many countries Governments are involved in the training of co-operative officers, both for government service and for the co-operatives: while this may not be an ideal situation, it is one of the more acceptable forms of assistance. Given the complex issues involved in government assistance to co-operatives, it may be opportune for ILO to review the guidelines bearing on this matter which are contained in ILO recommendation No. 127 of 1966 concerning the Role of Co-operatives in the Economic and Social Development of Developing Countries.

C. Co-operatives in national planning

23. More difficult is the question of the place of co-operatives in national planning. In large measure, this will depend on the importance that Government attaches to co-operatives and the role they play in development. Where this is substantial, it would appear that co-operatives and measures to promote them, could be made an integral part of the national plan. This could help to avoid a piecemeal and unco-ordinated approach to co-operatives and give co-operative leaders a clearer idea of what is expected of them in relation to national policies. The example of Japan and certain other countries in this case is instructive. Local co-operatives collaborate closely with government agencies in

local-level planning; this is not confined to a particular geographic area but is a general feature of rural co-operatives in Japan. It might be advisable for any country wishing to give a predominant role to co-operatives to assess the need for a single ministry to be in charge of all co-operative affairs, or at least for a co-ordinating body to ensure that measures taken, and legislation adopted, effectively improve conditions for co-operative development.

24. There remain to be considered the various forms of direct material assistance from Government to co-operatives: grants, concessionary loans, tax exemptions, administration of government credits to farmers, trading monopolies and so on. Some or all of these forms of assistance may be necessary, particularly in the early stages of establishing a co-operative structure. However, they all run the risk of making co-operatives more dependent on Governments by shielding them from normal competitive forces. It would be desirable, therefore, for both co-operatives and Governments to reflect on the longer-term implications of assistance before requesting or approving such direct support measures.

D. Co-operative potential

25. If workable solutions can be found to the problems outlined above, co-operative enterprises can make an important contribution to economic and social development. The potentially most important contributions can be made by the people themselves. This is a long and gradual process and can only take place if co-operators are allowed, and even encouraged, to participate in the running of the co-operative enterprise. This, in turn, assumes that they receive the necessary minimum training so they may be able to do so.

26. It would be useful at this point to consider briefly two specific facets of the co-operative contribution to economic and social advancement which are of interest in varying measure to developed and developing countries.

E. Consumer protection

27. The first aspect to be considered is consumer protection. Substantial progress has been achieved in recent years in a number of developed countries, in matters directly affecting consumers: compulsory listing of all ingredients in packaged food, restrictions on the use of certain toxic chemicals, safety standards in electrical equipment, banning of toys found dangerous for children, regulations to prevent retail price fixing by manufacturers, and many others. Most of these successes have been due to the pressure of an informed public opinion, to which consumer co-operatives have contributed in varying degrees along with voluntary groups and individuals.

28. Consumer co-operatives in a number of developed countries have for many years been manufacturing part of the goods they sell. The initial impetus for this has often come from a desire to improve the quality of widely-used products. More recently there has been a tendency for some consumer co-operative movements to assume an even broader consumer protection role. Thus, some have set up their own

laboratories for testing and analysing a range of food and other products sold by the co-operatives and by other stores. A number of co-operative apex organizations also maintain a legislative service to examine new proposals for laws and government regulations from the viewpoint of consumer interests. These organizations often collaborate with consumer protection associations.

29. A specific issue of consumer protection is raised by modern advertising methods. Large sums of money are spent by corporations to promote their products through advertising in the media and through the distribution of free samples. While such promotional activities can and often do serve to inform the public of the choice of products available to the consumer, they also are a cost in the production process which the consumer ultimately pays for. Monitoring the accuracy of competing claims by manufacturers of the effectiveness of their products is often the responsibility of the Government. Where such monitoring does not exist or is inadequate, co-operatives can help protect consumers by establishing facilities to test the quality of selected advertised products, or where feasible, to manufacture such products either in their own factories or elsewhere. Some co-operatives, notably in Sweden, have promoted a number of widely consumed items which have no brand name and are not advertised. Consumer protection, it should be noted, is more an issue to developed market societies. However, as developing countries approach the threshold of a consumer society, protective measures will be needed to safeguard consumer interests. It is in this regard that co-operatives in these countries can play a useful role. There is a need for further study of consumer protection by co-operatives and the role they can play in affording greater protection to the consumer, particularly where government activity in that area is minimal.

F. Social needs

30. There has been a growing interest in the use of co-operatives to meet the social needs of their members, though the interpretation of social needs varies from country to country. In both the market and centrally planned developed countries many of the social needs of the population are regarded as the responsibility of the central Government or local authorities. Important examples of this are education, health services and old-age pensions, housing and child-care. Local authorities also provide a variety of social services as well as support cultural activities. Co-operatives have also been active in certain of these areas, such as providing medical, child-care and other social services; here, they supplement government-provided services. In the centrally planned societies in Europe, co-operatives play an important role in housing. In Poland, for example, co-operatives build more than 75 per cent of all housing. They are also an important factor in integrating economic and social activities in new town settlements. In Hungary, co-operatives collect non-wage funds for social insurance; they also ensure safe working conditions and provide a number of social benefits, including working clothing, transportation, low-cost meals, accommodations in crèches and kindergartens and recreation facilities at reduced cost. Co-operatives have also played a role in meeting the growing demand of workers in developed societies for more leisure time and cultural activities. Co-operative holiday arrangements have long been a common practice in the centrally

planned economies; in recent years, several co-operative movements in the market economy developed countries have set up tourist departments or special subsidiaries, particularly to encourage urban co-operatives or to organize study tours abroad. ICA established, in 1976, a Committee for Tourism.

31. In most developing countries, by contrast, Governments are generally unable to provide satisfactory levels of social service and welfare benefits for the mass of the population. Health insurance plans and pension schemes are, as a rule, limited to a very small proportion of the urban working population. Hospitals, colleges, professional institutions, and cultural centres are generally located in large and medium-sized cities and cater to the health, educational and cultural needs of the urban population. Even in the urban areas, it should be pointed out, the poor, particularly those living in slums and squatter settlements, enjoy only limited access to these facilities. The rural areas, wherein the majority of the population lives in most developing countries, have very limited social services and these often fall far below those that are available in the cities in terms of quantity and quality. Given this situation, co-operatives could play a useful role in filling part of the gap by providing some social welfare and cultural benefits to their members.

32. In view of the inadequacy of social services in rural areas, it is not surprising that many co-operatives or organizations attempt to cater in one way or another to the social and cultural needs of their members. Many community facilities such as schools, dispensaries, clinics, wells and buildings can be constructed using a maximum of local labour and material and a minimum of capital and imported supplies. Co-operatives can, and do contribute importantly to the construction, maintenance and use of such facilities in many countries in Africa, Asia and the Middle East. Co-operatives have a potentially important role as focal points for rural adult literacy programmes, non-formal education and job training; they also provide basic health and medical services as do many in a number of developed countries. Among developing countries recent progress in these areas may be seen in connection with basic medicine in Burma and the Niger, adult literacy in Afghanistan, Egypt, and the Syrian Arab Republic, consumer education in Sri Lanka and help with village schools in Kenya. Sugar co-operatives in India have long financed social services for members, and sometimes have assisted them with housing. The impact of co-operative provision of social services so far tends to be localized, however. The emphasis on the economic viability of co-operatives, together with their growing size which can put them at a distance from the local community, have tended to work against any significant commitment to providing basic social services.

33. Until now, co-operatives in most developed and developing countries have played a limited role in the organization and distribution of social services. This is largely due to the tendency of their members and managers to direct co-operative activities along economic lines. The provision of social services is also a costly activity which would have to be financed, in part at least, out of co-operative funds. There are a number of reasons, however, why co-operatives should consider giving higher priority to providing social services. There is a far greater awareness today of the importance of social development and its critical relationship to promoting economic development. The provision of key

social services which are not available to members of co-operatives from government could be an important factor in promoting the viability of co-operative activities. This is particularly true in health, training and education which can strengthen the effectiveness of individual co-operative members in their capacity for work. Another factor is the increasing government retrenchment in expenditures resulting in cut-backs in social services at a time of growing need for such services by the aging, youth, disabled persons and working women. These cut-backs, which are becoming particularly pronounced in the developed countries, have prompted a search for more innovative models for the distribution of social services. In some countries, government has taken steps to contract out to non-governmental and private sources the task of providing social services as a way of reducing costs and increasing the efficiency of services.

34. These circumstances provide a changing political environment that could favour a more vigorous approach by co-operatives in both developed and developing countries to provide social services. If this approach were adopted, it would require appropriate strategies and measures to ensure its success. At the initial stages, at least, it might require a closer relationship with government and support in terms of finance and training. New political strategies might have to be developed, involving trade unions, employers' associations and non-governmental organizations, which could serve as a resource in helping co-operatives provide social services. In light of this, studies might be undertaken to consider how co-operatives can play an even greater role in the provision of social services.

III. CO-OPERATIVES AND THE LESS ADVANTAGED POPULATION GROUPS

35. There is an urgent need to improve the well-being of the less advantaged population groups in developing countries. Foremost among these groups are landless peasants, women and youth. Realization of this goal can best be achieved through an overall strategy to combat rural poverty. A key component of such strategy is promoting participation of these economically and socially disenfranchised population groups in decision-making processes that directly affect their well-being. The World Conference on Agrarian Reform and Rural Development stressed the importance of the active involvement of rural people, in such voluntary organizations as co-operatives (see para. 8, above). Several international organizations, including the ILO and FAO, have actively promoted the concept of full participation of the rural poor with special attention to the less advantaged population groups. The World Conference of the United Nations Decade for Women underscored the importance of full women's participation in all aspects of development. 4/ Co-operatives, whose quintessential purpose is to promote participation, are well suited to help promote a national strategy based on people's participation.

A. Landless peasants

36. Landless peasants are generally regarded as the least advantaged of the population groups living in poverty. They are not only landless but generally possess no skills by which they could earn a livelihood. Their ability to work is often impaired by disease and malnutrition. In some countries, the plight of the

landless peasants is compounded by their being social outcasts. These problems are, to some extent, balanced by the family structure of peasants. In peasant society, the family serves as an important social structure which can be mobilized to work together as a unit. Its potential for integration merits careful consideration.

37. There is no single strategy for improving the situation of landless peasants. Co-operatives hold out some promise for promoting employment and income-generating projects for this population. FAO's Programme on People's Participation in Rural Development through the Promotion of Self-Help Organizations has as its objective the creation of income-producing projects for the rural poor. A case in point is FAO's Small Farmers' Development Project in Bangladesh where many of the participants are landless and have organized themselves into small informal groups which engage in a variety of income and employment-generating activities from rice processing to rickshaw pulling. Some consider that not too many co-operatives consisting of such destitute persons could become viable, and that their main utility would serve as a means for channeling government assistance to their members. Prospects for greater viability could come about if co-operatives of landless peasants were to become part of a wider organizational effort, such as working with trade unions.

38. Another approach to ameliorating the lot of landless peasants is through the redistribution of land. A measure of this sort should be an integral part of a rural development strategy and as a means for the redistribution of power within a country. In distributing land, the World Conference on Agrarian Reform and Rural Development has urged that priority should be given to established tenants, small-holders and landless agricultural workers "with particular attention to the most deprived groups". The reorganization of land tenure, it was further stated, should be accompanied by "the formation of co-operatives and other forms of associations of peasants with comprehensive state assistance". ^{5/} It is widely recognized that land tenure programmes, if they are to be successfully implemented, have to involve the establishment of participatory-type of organizations. Redistribution of land, which often provokes sharp political debate within a country, cannot be applied in all societies. The supply of cultivable land is often limited and landed interests are often resourceful in evading the requirements of land tenure legislation or blocking its implementation.

39. Yet another approach that has some usefulness is the establishment of labour-contracting co-operatives. There is little doubt that a group of landless peasants offering their labour has stronger bargaining power than the isolated individual, and there are some instances where such co-operatives have been successful. But, as was noted at the Symposium on Co-operatives against Rural Poverty organized by COPAC, "rarely do political and economic conditions make it possible for such co-operatives to function effectively, and the workers themselves are seldom mentally prepared for such joint action". ^{6/}

B. Women

40. Over the past several decades, there has been a growing awareness of discriminatory practices which affect women and prevent them from realizing their

full potential as equal members of society. 7/ Not uncommonly, moreover, the benefits of development are unequally distributed, usually to the detriment of women. In recent years, considerable progress has been made, mostly in developed countries, to improve the status of women through legislative changes. Despite this, the pace of change has been slow and has not kept up with the expectations of women for greater equality and freedom.

41. The centrally planned societies of Eastern Europe have been successful in enabling women to take a full and active part in all branches of economic life, and this is reflected in their participation in co-operatives. In the Union of Socialist Soviet Republics, for instance, women represent 45 per cent of all board members and hold 46 per cent of the chairmanships in the consumer co-operatives. These figures (for 1981) show sizable increases compared with 1974. Other Eastern European countries have roughly similar proportions, although the figures vary according to types of co-operatives: the proportion of women board members tend to be lower in agricultural co-operatives. Even where percentages for women board-members are highest they do not yet correspond to the percentage of women in the overall membership. The role of women in the running of co-operatives in the market economy countries is generally much more limited. In certain developing countries there are cases where legislation restricts membership of co-operatives to men; even in these countries where equal rights have been formally granted to women, their participation generally falls below that of men.

42. Efforts are being made to change this state of affairs. India has recently enacted legislation requiring women to be members of the board of directors of co-operatives. In Pakistan, co-operative by-laws often contain a provision for co-opting women to the board of directors if none are elected by the normal procedure. A more radical approach has been adopted in a number of countries including Burma, India, Niger and others where women have created co-operatives or similar associations with a membership limited to women. These are found in both urban and rural areas. They generally provide some form of employment (dressmaking, handicrafts) and credit on the basis of a group commitment; there is often a social component in their activities.

43. The United Nations and the specialized agencies all have programmes designed to promote a fuller participation by women in a whole range of activities, including co-operatives. FAO and ILO, for example, are currently engaged in research regarding the role of women in co-operatives. 8/ The results of this and other research could prove useful for developing innovative techniques for integrating women into co-operatives and for assuming leadership roles in these organizations. Another promising area of research is the role co-operatives could play in ensuring that the benefits of agricultural modernization are equally spread between men and women.

C. Youth

44. Involving young people in co-operatives is a matter of great importance for the future growth and development of co-operatives in both developed and developing countries. There is evidence that there has been a lessening of interest among young people in established co-operatives, partly out of a lack of knowledge of

their purpose and activities and also because of changing styles in co-operation. A study carried out in Sweden - one of the co-operatively most advanced countries in the world - by a public research institution stated that knowledge about the co-operative movement's actual significance was relatively limited, and that the lack of complete and intelligible information on the movement's development and background, as well as current structure and activities, had hampered and limited discussions on the movement's role in Swedish trade and industry. There is also evidence that in other industrialized countries with a substantial co-operative sector of the economy, school-leaders and university students have seldom received even the most rudimentary information about it, and the indifference of young people is therefore hardly surprising. It seems that this problem is less acute in the centrally planned economies, and that young people are given ample opportunities to participate in worthwhile economic, social and educational activities through co-operatives (see A/36/115, para. 42-55). In developing countries, there is evidence that knowledge about co-operatives is not widespread. 9/

45. Changing styles in the structure and activities of co-operatives, in developed countries, has also contributed to a decline of interest. In the past decade or so, there has been a spontaneous growth of new co-operatives owing little to the co-operative establishment and, indeed, often very critical of it. The emergent co-operatives mark in many ways a return to original co-operative principles: they spring from a spontaneous initiative of their members, who know each other well; management is unpaid; participation is intense. It is virtually impossible to give any indication of the numbers of these so-called "emergent" co-operatives and their overall membership. They are usually unregistered and appear to have a high mortality rate. Certain features common to most of them can be described. Their members are typically urban dwellers and attract younger age groups living in the same neighbourhood. They operate on a small scale and usually without a paid staff. Often they take the form of purchasing groups, supplying members with selected consumer items; not a few undertake a wide variety of social activities for their members.

46. The established co-operatives do not usually regard these new-style co-operatives as a threat but they are sometimes irritated by the implied criticism of conventional co-operatives and in turn reproach the emergent co-operatives with their go-it-alone style. Another factor that contributes to misunderstanding is the age gap between the members of the established and emergent co-operatives. The members of the new co-operatives, as already mentioned, are distinctly younger in age than those associated with the conventional co-operative.

47. In developing countries, youth participation in co-operatives has generally been for purposes of job training or as part of employment-generating schemes. In Kenya, for example, substantial co-operative activities are tied to small-scale industry and construction which provide employment to graduates of village polytechnics. In Botswana, the Voluntary Brigade Movement contributes to development of rural areas by training primary school leavers in vocational skills in connection with the creation of job opportunities in various commercial activities.

48. A second area for youth participation in co-operative activities is school co-operatives in which young people are educated in the basics of co-operation, financial management and self-help programmes; sometimes these are associated with specific work programmes. Producing food is an integral part of co-operative schools in the Central African Republic and in a number of countries in Africa where educational co-operative programmes are followed. In principle, school youth co-operatives do not differ much from co-operatives set up by adults. Sponsorship by regular co-operatives of school youth co-operatives has often been instrumental in promoting the growth and development of this type of co-operative. In this context, it is worth drawing attention to youth co-operatives in Uganda which are closely associated to "parent" co-operatives. Overall, there is a compelling need to emphasize co-operative education in schools, particularly in connection with co-operatives run by school children. This holds out potentially great gains for future growth of co-operatives in developing countries, and would be in keeping as well with the principles of the International Youth Year: Participation, Development, Peace, established under General Assembly resolution 34/151 of 17 December 1979 which calls for increased participation by young people in development.

D. Disabled persons

49. In recent years the United Nations and its specialized agencies, as well as national and international non-governmental organizations involved in the rehabilitation and welfare of disabled persons, have become increasingly involved in the development of co-operatives of disabled persons. It is considered that this kind of co-operative plays a major role in providing employment and aiding in the social and vocational rehabilitation of disabled persons (particularly the most severely handicapped), who by reason of their disability cannot be employed in conventional firms under normal working conditions. The promotion of co-operatives for the integration of disabled persons into the open labour market is supported in the draft World Programme of Action concerning Disabled Persons, submitted to the General Assembly at its thirty-seventh session (A/37/351 and Corr.1 and Add.1 and 2).

50. On the basis of the experience gained in many countries it is possible to draw the conclusion that co-operatives of disabled persons are important tools in shaping the processes of vocational and social rehabilitation of those persons. This is done through the gainful work of their members in an enterprise run on principles of co-operative self-government and within the framework of a vocational policy supportive of their physical, social and economic needs.

51. In many instances co-operatives of disabled persons carry out their tasks with their own funds if a favourable policy is adopted by the Government. This is an area that deserves careful exploration and study as it is in line with the principles of the draft World Programme of Action concerning Disabled Persons.

E. Agrarian reform and rural co-operatives

52. Agrarian reform is a subject of such scope and complexity that it cannot be covered systematically within the limits of the present report, particularly as the diversity of national experience in co-operatives would make it difficult to draw valid general conclusions. It can, however, be stated that almost all Governments undertaking agrarian reform have recognized the necessity of organizing the recipients of redistributed land into co-operatives or into similar types of association. As a result, practically all Governments undertaking agrarian reform make membership in a co-operative a condition for receiving land. It is widely recognized that agrarian reform constitutes, in most cases, a necessary condition for successful co-operative development. The experience of Japan and other countries in this regard provides ample proof for this. Promotion of co-operatives and similar types of association in conjunction with agrarian reform is seen as a way of providing small-holders with improved access to agricultural inputs, credit, marketing facilities and services. Co-operative farming, moreover, provides an effective approach to overcoming the problems associated with fragmented and dispersed holdings.

53. The World Conference on Agrarian Reform and Rural Development recognized the important role of co-operatives as a necessary organization to promote the aims of agrarian reform. In this regard the Conference noted in its report that where production efficiency was hindered by severe fragmentation of holdings, Governments should consider, inter alia, action to: "... Encourage group farming, state-owned farms, publicly-owned farms, cooperatives and other forms of group tenure, organized in ways which assure the participants the benefits of the expansion of infrastructure, research, employment and better utilization of inputs and technical skills". 10/

54. Co-operatives set up in connection with land reform may be of various types. Generally, the choice is between the service-type organization handling the supply of inputs and/or the marketing of farm products, and the production co-operative or co-operative farm, in which production itself is carried out, partly or entirely, on a group basis. FAO has concerned itself with the production co-operative for a number of years and has published its view on the matter, inter alia, in the publication entitled Promotion of Small Farmers' Co-operatives in Asia. The major focus of the FAO approach is on the production orientation of small farmers' co-operatives. This entails services normally provided in conventional service type co-operatives and those related to the production process itself. 11/

IV. DIFFICULTIES AND SUCCESSES

55. In describing the role of co-operatives in economic and social development in section II of this report, the Conference placed emphasis on the critical nature of the relationship between government and co-operatives in determining how far the potential contribution of co-operatives is actually realized. Some of the main problems that beset that relationship were discussed in general terms.

56. Recommendation No. 127 of the International Labour Office defines one of the purposes of co-operatives as "improving the economic, social and cultural situation

of persons of limited resources and opportunities as well as encouraging their spirit of initiative". ^{12/} The difficulties specific to co-operatives spring largely from the fact that they are for people "of limited resources and opportunities" who are nevertheless expected to show "initiative". The organization and management of co-operatives thus face the material constraints caused by lack of resources together with the cultural problems of stimulating group action among people more accustomed to passively following traditional ways.

57. The almost universal problem of illiteracy in the rural areas and the more special case of local populations who do not speak the national language(s) pose major obstacles to organizing and running co-operatives. Much can be done at the national and international levels to alter this situation by promoting literacy campaigns, particularly in local languages which can be adapted to the needs of co-operatives and similar type organizations. This is already being done in a number of countries in Africa. At the international level, mention should be made of the functional literacy programmes of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the functional literacy component in agricultural credit and related services in the FAO programme of Agricultural Credit and Co-operation in Afghanistan (PACCA). There is also considerable scope for work in this field by non-governmental organizations. ICA has been active in the field of functional literacy.

58. Another widespread problem concerning the development of co-operatives is a lack of trained managers which directly effect their operations. Unwise decisions are often taken regarding co-operative operations leading to the loss of funds; peasants, who have seen their hard-earned capital wasted, become discouraged and lose interest in the enterprise. In certain African countries, the entire co-operative movement has suffered as a direct consequence of mismanagement, making it very difficult to start up new ventures. In order to help remedy this, FAO, ILO and ICA have organized, respectively, AMSAC, MATCOM and CEMAS. The FAO programme, Appropriate Management Systems for Agricultural Co-operatives (AMSAC), aims at improving the productivity of small farmers, share-croppers and tenants and achieving food security for the poor through increased food production and fair distribution arrangements. This is done through training of co-operative leaders and managers, assisting national training institutions (such as co-operative colleges) in the preparation of country management guides and training materials and the organization of comprehensive orientation and training programmes for policy makers and management personnel. The ILO programme, Material and Techniques for Co-operative Management Training (MATCOM), has prepared training programmes and study material for managers and staff of co-operative societies in such areas as production, supply, storage, marketing, transport, staff management and in rural areas savings and credit. Finally, the Co-operative Education Materials Advisory Service (CEMAS) of ICA works to improve the materials and methods being used in co-operative training and education purposes in developing countries. A major challenge is to strengthen these and similar programmes and make them accessible to a larger number of co-operatives, particularly those involving very poor farmers.

59. A major obstacle to the organization of co-operatives and the orderly growth and development of their activities is the lack of credit. This chronic problem has been exacerbated in recent years by high interest rates on loans. Efforts have been made in recent years by Governments to deal with the problem. In Egypt, legislation has been enacted doubling the price of an entitling share for membership in a co-operative, thereby enabling co-operatives to increase their capital. After having earmarked 25 million pounds in the 1980/81 budget for loans to co-operatives at concessional rates, the Government plans to establish a consumer co-operative bank to provide these organizations with a full range of banking and commercial services. Although government support has been helpful in some countries for increasing credit, the main source of capital must come from the co-operators themselves. It is largely through this time-honoured approach that co-operatives can reach the goal of becoming self-financing. The urban co-operative in Mondragón in the Basque country in Spain have been successful largely because of their ability to mobilize the savings of members. Certain of the more established co-operatives have succeeded in getting assistance from bilateral and multilateral resources, particularly where they have sought to expand their operations.

60. Combined with such factors as inadequate management, lack of participation of co-operators in organizational affairs and a shortage of credit, is the inhospitable social environment in which co-operatives are sometimes obliged to operate. Success or the promise of success often threatens powerful vested groups such as money lenders or landed interests. Sometimes, these groups seek to co-opt the co-operative which they view as threatening, and divert it from its true purpose. Not uncommonly, such interests resort to violence in order to wreck the co-operative.

61. It is within this context that the work of co-operatives should be integrated within an overall government plan to promote development programmes that reach the poor people of society. Until now, this has not, by and large, been done. Most co-operative organizations do not involve or serve a large majority of the rural poor. Their membership is largely made up of the better-off rural people. Poorer members as well as disadvantaged population groups, moreover, are often unable to participate in decision-making processes that affect their future well-being.

62. Judgements regarding the success or failure of co-operatives can further be complicated where governmental policies for the promotion of co-operatives can lead to differences between the interests of the Government and those of co-operative members. The members are mainly concerned with the quality and cost of the services provided, and with the co-operative's impact on their individual financial situation. Government, on the other hand, is likely to be more interested in the macro-economic effects of co-operative activity and the performance of co-operatives as an instrument of policy implementation. What may be judged successful by one party may seem less satisfactory to the other. 13/ Overall, while the success of a private business can be measured satisfactorily in financial terms, this approach would be unsuitable for an individual co-operative and even more so for a co-operative movement.

63. In the time available for preparing this report, and with the limited material at hand, it has not been possible to present any kind systematic analysis of the factors making for success in co-operatives in developing countries. Although studies have been made of a few of the most outstanding co-operatives, this kind of research appears to have been neglected. In what follows brief mention will be made of only two examples of co-operatives which are widely regarded as among the most successful that are in operation.

64. The previously mentioned (para. 17) Kaira District Co-operative Milk Producers' Union in India (also known by the names Anand and Amul) was set up in 1946. Its local societies cater almost exclusively to owners of one or two buffaloes, delivering, on an average, four litres of milk daily. In addition to milk, the Union produces milk powder, condensed milk, cheese and other dairy products which are marketed in all parts of India. Such was the success achieved that in 1970, UNDP, FAO and WFP signed an agreement with the Government of India setting up the "Operation Flood", 14/ whose purpose was to help build up a modern dairy industry based on the Anand model. The project was also supported by financial and technical contributions from other national and international agencies. Phase I terminated in mid-1981 but the programme continues under phase II for another seven years with a loan from the World Bank and a grant of dairy products from the European Economic Community. (A full-scale evaluation of Operation Flood, phase I, was carried out in early 1981 by a team composed of representatives of the United Nations, UNDP, FAO, the ILO and WFP.)

65. Some of the positive features of the Anand model that are frequently mentioned are: membership limited to bona fide milk producers, strict quality testing of all milk delivered, immediate cash payment to producers on the basis of quality, efficient mobile veterinary services provided free of charge, regular supply of cattle feed and similar requirements, and credit for the purchase of buffaloes. An indication of the technical advance brought about is that the average yield of milk in Kaira District is double the national average. Equally important are the social effects. An observer of the Oxford Committee for Famine Relief (OXFAM) reported in 1964 that the prosperity of each village in the Kaira District was clearly related to the length of time a village has been a member of the Co-operative Union. Others have noted that traditional caste distinctions are often forgotten when the members - usually women and children - deliver their milk at the co-operative milk collection centre. The primary societies regularly set aside a portion of their surplus for improving village amenities and for educational purposes.

66. A second example is the co-operative development in Botswana which has made great strides over the last fifteen years. By 1981, there were a total of 122 co-operatives with 45,000 members, which, including the families of members, comprise about one third of the total number of households in the country; a National Co-operative Union, a Co-operative Bank and a Co-operative Development Centre perform key administrative, regulative, promotion and training functions. These activities have had an important impact in key sectors of the economy that are of particular interest to the small producer.

67. With the diversification of the rural economy, co-operatives are becoming increasingly involved in the supply consumer goods and farm inputs. They are involved to some extent in the ALDEP scheme (Arable Lands Development Programme),

advancing loans and distributing agricultural implements, initially channelled through the Botswana Co-operative Bank (BCB) and the Botswana Co-operative Union (BCU). The scheme is financed by the International Fund for Agricultural Development (IFAD) and the African Development Bank. The move away from single purpose co-operatives, e.g. marketing in the villages, to the multi-purpose type is now an important trend in Botswana. The multi-purpose co-operative endeavours to provide a comprehensive range of services to the members in marketing, supply of farm inputs, distribution of consumer goods, credit and thrift.

68. The BCU is the national apex organization and a member of the ICA. Its major activities are business operations on behalf of member societies both in cattle marketing and in wholesale supply of consumer goods and farmers' requirements. Turnover has increased from \$US 2,150,000 in 1976 to \$US 6,450,000 in 1980. The BCB has begun a retail advisory unit and, in marketing, has prepared, in conjunction with the BCU, an advance payment scheme for cattle. The BCB's activities have grown over the past few years. Deposits have increased from \$US 275,000 in 1978 to \$US 380,000 in 1980. The Bank operates or participates in several public loan schemes to agriculture. It now functions as an independent bank to serve the co-operative movement.

V. CONCLUDING REMARKS

69. On the basis of this review and analysis, it can be concluded that particular attention should be given to promoting people's participation in rural development along lines of the Programme of Action adopted by the World Conference on Agrarian Reform and Rural Development. Specifically the Programme of Action invites Governments to take action under six specific headings:

"(i) Remove all barriers to the free association of rural people in organizations of their choice and ratify and enforce ILO Convention Nos. 87 and 141 and Recommendation No. 149 on the role of rural workers' organizations in economic and social development.

"(ii) Encourage the establishment of self-reliant local, regional and national federations of peasant and worker associations and rural co-operatives, with positive government support and due regard to their autonomy.

"(iii) Promote the participation of rural people in the activities of rural development agencies and ensure that these agencies work in close co-operation with organizations of the intended beneficiaries of their programmes.

"(iv) Encourage people's organizations providing various economic, social and cultural services to develop self-reliance at the community level and assist them in such ways as meeting legal and financial requirements, training of leaders and other initial needs, exercising care that their independence is not compromised.

"(v) Provide opportunities for rural people's organizations to participate at the local level in the identification, implementation and evaluation of development projects, including rural works programmes.

"(vi) Mobilize the energies of both urban and rural youth for a variety of rural development activities through programmes and mechanisms responding to their needs, abilities and aspirations, including national volunteer services, rural youth associations and work-study programmes". 15/

Moreover, Member States may wish to renew their commitment to those portions of this programme concerned with farmers' and rural organizations (co-operatives). Along these lines experimental projects might be developed for the disbursement of funds, credits and services to small farmers' organizations made up of poor people and the less advantaged population groups, notably women, youth, the aging and disabled persons. Reports might be submitted on the implementation of such programmes in line with the reporting system to FAO on progress in the implementation of the follow-up programme of the World Conference.

70. National development plans might make specific provision for co-operatives by translating governmental policies into specific programmes and, to the extent possible, allocate resources for their execution. National planning authorities should consider encouraging co-operatives to undertake programmes for the distribution of social services and for other types of innovative programmes for which co-operators have a felt need.

71. Efforts should be made to strengthen the movement-to-movement concept among co-operatives as an important step in promoting co-operative development. Along these lines, programmes might be undertaken between co-operative movements within developing countries. Such collaborative arrangements would be consistent with the principle of collective self-reliance contained in the International Development Strategy. Concurrently, similar efforts might be promoted to expand movement-to-movement activities among co-operatives between developed and developing countries. Consistent with those aims, studies could be undertaken by COPAC and its members to explore ways to strengthen this form of collaboration between co-operative movements. The results of such research would help in the formulation of guidelines for the promotion of co-operative development.

72. The growth and development of urban co-operatives should be encouraged. Considering the relatively limited experience with this form of organization, studies could be undertaken with a view to promoting their growth in developing countries. Among the areas where urban co-operatives could assume an important role are industry, food production and the organization and distribution of social services. COPAC and other organizations could be invited to undertake such studies.

73. Special programmes to improve the management of co-operatives through training and educational programmes might be adopted by governmental and non-governmental organizations.

74. Innovative approaches must be developed to ensure that the poorest farmers gain access to credit. Special attention must be given to defining the conditions

under which credit is requested, disbursed and repaid. Along these lines, attention could be given to using peasant groups and similar organizations for the extension of credit to individual poor farmers.

75. Efforts should be made to monitor and evaluate co-operatives with a view to promoting their efficiency and to strengthening their participatory character in regard to the rural poor. Along these lines attention is drawn to the evaluation report to be submitted to the Governing Council of UNDP on United Nations development system - assisted rural co-operative projects.

76. Finally, the role of co-operatives in developing income-generating projects and providing social services which could satisfy the basic needs of the poor and of special population groups, notably women, disabled persons, youth and the aging should be further examined and strengthened, as required.

Notes

1/ This report is concerned with both co-operatives and co-operative-type associations.

2/ See Report of the World Conference on Agrarian Reform and Rural Development, Rome, 12-20 July 1979 (WCARRD/REP), part one, chap. III; transmitted to the members of the General Assembly by a note of the Secretary-General (A/34/485).

3/ General Assembly resolution 35/56, annex.

4/ See Report of the World Conference of the United Nations Decade for Women: Equality, Development and Peace, Copenhagen, 14 to 30 July 1980 (United Nations publication, Sales No.E.80.IV.3 and corrigendum), chap. I, resolution 36.

5/ See Report of the World Conference on Agrarian Reform and Rural Development, Rome 12-20 July 1979 (WCARRD/REP), part one, chap. II, sect. A.

6/ Report of the COPAC Symposium on Cooperatives Against Rural Poverty, Saltsjoberaden, Sweden, 30 July-5 August 1978, pp. 11-12.

7/ A review and analysis of these problems is contained in "Resource paper on women and rural development", background paper prepared by the United Nations Secretariat for the Expert Group Meeting on Women and the International Development Strategy, held at Vienna from 6 to 10 September 1982.

8/ Women in Agricultural Co-operatives: Analysis of Experience and Action Proposed (Rome, Food and Agriculture Organization of the United Nations), in preparation; see also Role and Participation of Women in Co-operatives (Geneva, International Labour Office), in preparation.

9/ Regional Seminar on Youth and Co-operatives, University of the West Indies, Mona Campus, Kingston, 16-28 September 1974; sponsored jointly by the Government of Jamaica and the ILO/DANIDA Co-operative Management and Training Programme.

10/ Reference can be made to an FAO paper entitled "Role of co-operatives in agrarian reform" (FAO/ARRD/CS/48). ILO is currently engaged in research on co-operative-type organizations and services for land settlement. Publication is expected towards the end of 1983.

11/ Report of the World Conference on Agrarian Reform and Rural Development Rome, 12-20 July 1979 (WCARRD/REP), part one, chap. II, sect. D.

12/ International Labour Conventions and Recommendations, 1919-1981 (Geneva, International Labour Office, 1982), p. 151.

13/ In fact, the situation is a good deal more complicated: the management of a primary co-operative, and co-operative apex organization, may have different expectations and aims from those of the members (and of the Government). FAO distinguishes three criteria for operational efficiency in co-operatives: organizational efficiency (of the co-operative as an institution carrying on business); development efficiency (as an instrument of government policy); and member-oriented efficiency (as a means of promoting the interests of the members). See FAO, "Operational efficiency of agricultural co-operatives in developing countries" (Rome, 1974); "Improving the methodology of evaluation of rural co-operatives in developing countries" (1976); "Evaluation of co-operative organizations in developing countries", (1981).

14/ Project entitled "Stimulating Milk Marketing and Dairy Development" (DP/IND/70/022).

15/ Report of the World Conference on Agrarian Reform and Rural Development, Rome, 12-20 July 1979 (WCARRD/REP), part one, chap. III, sect. A.
