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NATIONAL EXPERIENCE IN PROMOTING THE CO-OPERATIVE MOVEMENT

Report of the Secretary-General

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I. INTRODUCTION

1. The present report was written in pursuance of Economic and Social Council resolution 1983/15 of 26 May 1983, 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 special attention, inter alia, to the role of co-operatives in overall social and economic development and in improving the welfare of their members; the participation of women, youth, disabled persons and the aging in co-operatives; the interrelationship between agrarian reform and agricultural co-operatives; the strengthening of the "movement-to-movement" activities among co-operatives; the role of co-operatives in the various sectors in improving the production, marketing and consumption of food; training and educational programmes to promote the effectiveness of co-operatives and make them more responsive to the needs of their members; difficulties faced by countries in the establishment and development of co-operatives in urban, as well as rural, areas and their experience in overcoming them; and the role of government support in promoting co-operatives. The Secretary-General was requested to submit this report, through the Commission for Social Development and the Economic and Social Council, to the General Assembly at its fortieth session.

2. The present report presents a review and analysis of the themes mentioned above. It is based, in part, on information received in response to a note verbale that was sent to Member States.* In addition, the report draws on a review of some of the more recent publications on the subject. In an important respect this report differs from the previous one (A/38/63) in that it includes an analysis of certain activities of co-operatives and their impact on the immediate social and economic environment. It also delves more deeply into the relationship of co-operatives to women, youth, the aging and disabled persons.

3. Co-operatives are defined by the International Labour Organisation (ILO) as associations of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization. They mobilize a large segment of the economically active population and, as shown by the figures below, their actual and potential role in the generation of employment, strengthening the productive and financial capacity of countries and the provision

* At the time of finalization of the report, replies had been received from the following 22 Member States: Bahamas, Bangladesh, Byelorussian Soviet Socialist Republic, Czechoslovakia, Denmark, El Salvador, Gambia, Guatemala, German Democratic Republic, Indonesia, Ivory Coast, Malaysia, Mauritius, Mongolia, Panama, Sweden, United Republic of Tanzania, Trinidad and Tobago, Turkey, United Arab Emirates, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics. A reply was also obtained from the Republic of Korea. In addition, comments and inputs were received from two specialized agencies, the International Labour Organisation and the Food and Agriculture Organization of the United Nations.

of basic services, including the production and distribution of food, cannot be underestimated. Data obtained from the International Co-operative Alliance (ICA) indicate that in 1980 there were more than 365 million men and women belonging to co-operatives in 70 countries. Within the developing countries themselves, there are more than 705,000 co-operatives with a membership of over 185 million persons engaged in agricultural, consumer, credit, fisheries, housing, industry and other economic activities. Eighty per cent of these organizations are found in the Asia and Pacific region and 10 per cent in Africa, the remainder being evenly distributed between Latin America and the Middle East.

4. The universality of co-operatives does not imply uniformity in their activities or organizational structure. A review of national experiences points to considerable diversity as well as expected similarities in these areas. There are flourishing co-operatives in both centrally planned and market economy countries. In 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 evident, however, that co-operatives, like any other enterprise, are conditioned by the system in which they operate. If a society does not enjoy the benefits of democracy, it is unlikely that the members of co-operatives can be free to run their organizations along democratic lines. The best managed co-operative cannot expect to yield a proper return on the capital and labour of its members if the Government pursues a policy of keeping the price of its products low to favour certain groups in society, while not controlling costs. Co-operatives cannot be expected to integrate women, youth and the disabled into their midst if the laws of society show little concern for promoting the advancement of these population groups. A co-operative cannot be an island in society, unaffected by the larger social, economic and political trends that shape the lives of ordinary citizens.

5. Reference should be made here to the emergence in recent years of self-help organizations that have certain characteristics of a co-operative, but are different in other respects. This may be due to the informal manner in which such groups come together and the uncertainties shared by their members in seeking co-operative status. Often, these local associations go by the name of "pre-co-operatives", suggesting that the membership may eventually opt for regular co-operative status. A common feature of many of these organizations is their mutual and self-help character. Organizing the rural poor is a major preoccupation of these groups. In this respect, they complement the role of co-operatives, which, quite frequently, have had limited success in mobilizing this stratum of the population.

6. A major concern of the United Nations, and of the Food and Agriculture Organization of the United Nations (FAO) and ILO, is to encourage grassroots development among the poorest elements of society. Their purpose in doing this is to promote employment and income-generating projects, create a grassroots receiving/utilizing system of inputs and services and stimulate linkages between these local-level organizations and existing national and rural servicing agencies. The progress report on the Programme of Action adopted at the World Conference on Agrarian Reform and Rural Development, held at Rome from 12 to 20 July 1979, which was submitted to the FAO Conference in November 1983, underlined the importance of such grassroots organizations of the very poor in

helping realize these interrelated objectives (C 83/23, pp. 26-28). Although the agricultural co-operative, as noted in the report, is the most pervasive organization of rural people, it is often unsuccessful in reaching the poor. Increasingly, developing countries are becoming aware of the inadequacies of the co-operative as an instrument for mobilizing the poor. While these shortcomings are being remedied through policy measures, there has been a simultaneous attempt since 1976, at the initiative of FAO, to organize in a number of African and Asian countries the poorest of the poor into small-farmer development groups. Many of these efforts are related to existing co-operative organizations - for example, in Bangladesh, Lesotho, Nepal and Zambia - with a view to orienting the activities of co-operatives to serve the needs of small farmers. Such activities, whose impact is still limited to a few rural areas in these countries, can have a catalytic effect in stimulating co-operatives to take a more active role in involving the poor in rural development.

7. It would be useful, in this context, to mention the work of the Panel on People's Participation of the Task Force on Rural Development of the Administrative Committee on Co-ordination. Convened by ILO at Geneva in 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) analysing 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. The 4th meeting of the Panel was held at the Centre on Integrated Rural Development for Africa at Arusha, United Republic of Tanzania, on 8 and 9 October 1984. Just prior to the convening of the Panel meeting, FAO organized on its behalf a regional workshop on innovative participatory rural development.

II. THE ROLE OF CO-OPERATIVES IN OVERALL SOCIAL AND ECONOMIC DEVELOPMENT

8. There is a growing awareness in the co-operative movement that it must play a more vital role in the development process. The quest for a more meaningful role has taken on greater urgency in the light of the economic recession, which continues to place a very heavy burden on developing countries. In view of this deteriorating economic situation, co-operatives, as well as other similar types of organization, can be expected to do more to stimulate increased growth of gross national production and, no less importantly, promote a more equitable distribution of the fruits of development. In a larger sense, co-operatives can be useful instruments for promoting broad-based social change by establishing, wherever possible, stronger links with trade unions. Industrial co-operatives can do much to promote employment and income-generating projects.

9. As an indication of the more innovative ways in which co-operatives may promote economic and social development in the next few years, the review of ILO operational activities in the field of co-operatives (GB.225/OP/2/7) approved by the Governing Body at its 225th session in February-March 1984, identifies operational activities undertaken relatively recently and that will continue, and new orientations and concentrations of effort that are envisaged for a co-operative strategy for the coming decade.

10. In the first category, the following are of particular interest in the present context:

- (a) The greater attention being given to the needs of the rural and urban poor;
- (b) The greater attention being given to less formally organized "co-operative-type" associations;
- (c) The search for further opportunities where food aid programmes can be effectively used to help establish and strengthen co-operatives and the encouragement of the use of these programmes in this way;
- (d) The encouragement of co-operatives in their efforts to find ways to extend their own activities to provide improved educational, health, family welfare and other social services for the rural and urban poor;
- (e) The kind of support being given to women's groups that are seeking to establish or are operating their own co-operative activities;
- (f) The special attention being given to the establishment and operation of co-operatives whose members are refugees or migrants.

III. THE ROLE OF CO-OPERATIVES IN IMPROVING THE WELFARE OF THEIR MEMBERS

11. Although the problems associated with the effective operation of co-operatives cannot be underestimated, these have to be measured against the very real benefits that accrue to their members when working within the framework of a "democratically controlled" organization. Peasants and small farmers can derive greater incomes by working under conditions that permit greater economies of scale. Industrial co-operatives have a demonstrated potential for generating jobs for workers who might otherwise be unemployed and whose paid-in capital can materially reduce the costs of creating new employment opportunities. Workers co-operatives have, in the past decade, increased appreciably in numbers in spite of management problems. There have been many instances in recent years in Western Europe of workers taking over a failing enterprise and revitalizing it through a co-operative form of ownership. From a social perspective, membership in a co-operative provides a valuable training ground for participating in decision-making processes affecting its operations. Membership in economic organizations and in secondary associations tends to prepare people to take a regular interest in civic and political affairs. These benefits, although not easily measurable, tend to give people a greater sense of efficacy in managing their own affairs and influencing decisions in the community at large.

12. Credit co-operatives have also made an important social and economic contribution in many developing countries by providing timely credit at acceptable rates. Traditional organized forms of thrift and credit flourish in many countries (for example, tontine in Africa), but professional moneylenders also flourish and often have a stranglehold on borrowers who may be more or less permanently in

debt. One answer to these problems is the credit union (or caisse populaire). The credit union in its modern form originated in Quebec at the turn of the century (Desjardins movement) and has since spread rapidly throughout many developed and developing countries and in both rural and urban areas. Credit unions emphasize the importance of regular saving, even of very small amounts, and try to keep interest rates on loans at around 1 per cent per month, although with soaring inflation it has become increasingly difficult to maintain this ceiling. Credit unions are united in the World Council of Credit Unions (WOCCU) in seven confederations representing Africa, Asia, Australia, Canada, the Caribbean, Latin America and the United States of America, in addition to the free-standing leagues of Fiji, Ireland, New Zealand and the United Kingdom of Great Britain and Northern Ireland.

13. Insurance has become a pervasive feature of life in industrialized countries. Alongside the compulsory state systems of social security that provide health and unemployment coverage and pensions, there is a wide range of optional insurance - life insurance, automobile insurance (civil responsibility towards third parties), insurance against fire and theft, supplementary health insurance and many others, including, specifically for farmers, crop and livestock insurance. In some countries, such as France, a substantial part of the social security system operates through mutuelles (basically similar to co-operatives, but governed by separate legislation). Co-operatives are prominent in most branches of optional insurance; mention can be made, as examples, of Nationwide and the Credit Union National Association (CUNA) Mutual Insurance Society in the United States and Folksam in Sweden. Co-operatives for insurance against damage from hail are part of the Raiffeisen system in the Federal Republic of Germany.

14. In many developing countries, insurance is beyond the reach of most of the population, but there is some interest among what may be broadly termed the urban middle class. The Insurance Development Bureau of ICA has given technical assistance in the creation of insurance co-operatives in Bolivia, Ghana, Greece, Kenya and Nigeria, and continues to give guidance, as required, to these newly formed societies.

15. Co-operatives have a useful role to play in the provision of social services to their members. This is becoming more and more a necessity as co-operatives try to attract women, young people and disabled persons, who are often in need of special services. Working mothers are more likely to become effective members of co-operatives if crèches are made available for their children, and sport and cultural activities can prove to be a strong attraction in drawing young people into co-operatives. Research in four Sahelian countries 1/ has shown that social objectives - provision of a school or dispensary, for instance, can be strong motivating forces in co-operatives. In the Ivory Coast, co-operatives refund surpluses to finance, wholly or in part, community social infrastructures such as health centres, dispensaries, maternity clinics and wells. At times, they help fund the construction of schools, markets and rural electrification projects. 2/ Health co-operatives exist in Burma, India and other developing countries and a wide variety of what may be termed social services are provided by co-operatives whose main activity is an economic one. Co-operatives could have still greater impact if more active collaboration could be achieved with organizations that, while having a different legal status, share similar ideals. These organizations, together with co-operatives, constitute what is known in France as

l'économie sociale or le tiers secteur: co-operatives, mutual societies, associations and communities are the main components. They are characterized by the ideal of service rather than profit and by their democratic methods of operating. With the encouragement of the French Government, substantial progress has been made recently towards such collaboration. A Délégation à l'économie sociale was set up at the end of 1981 and an Institut de développement de l'économie sociale (IDES) in 1982. The latter has been endowed with government funds to enable it to support new initiatives in the area of social development. A Charte de l'économie sociale has also been adopted.

16. Co-operatives in socialist countries have traditionally provided a broad range of social services and cultural and leisure-time amenities to their members. In the Byelorussian Soviet Socialist Republic social consumption funds are also used to finance health-care services and free education at all levels. At each collective farm co-operative, specific amounts are deducted from new income for cultural and social purposes. These funds are also used to build and equip collective farm clubs, libraries and sports facilities, to finance community development programmes and to construct residential buildings, sanatoria and rest homes. There also exist within the Byelorussian Soviet Socialist Republic co-operatives for the building and operation of privately owned automobile garages.

IV. PARTICIPATION OF ALL PEOPLE, INCLUDING WOMEN, YOUTH, DISABLED PERSONS AND THE AGING, IN CO-OPERATIVES

17. Open membership was one of the Rochdale principles of co-operation. When the principles were re-examined by ICA in the early 1960s, the one concerning membership was reformulated to make it more explicit. Despite the principle of open membership, it has not always been easy for women, youth, disabled persons and the aging to become members of co-operatives. Very often, the same barriers that these population groups encounter with regard to other organizations also prevent them from joining or playing an active role in co-operatives. In many societies, women are conspicuously absent from co-operatives or are present in limited numbers. The following sections provide a limited picture of the issues relating to the participation of women, youth, disabled persons and the aging in co-operatives.

A. Women

18. The policy statement of the ICA Women's Committee, entitled "Women as equal partners in third world co-operative development", which was adopted at its meeting at Worthing, United Kingdom, in May 1983, identified some of the constraints limiting women's participation in the co-operative movement. Women, it was noted, suffer from discrimination, are obliged to allocate a large proportion of their time to family obligations, have very little money, lack access to decision-making bodies that could deal with their situation and, as a rule, do not have the education and training to permit them to become effective participants in co-operatives. In a broader sense, the statement proposed ways to overcome these difficulties and attract more women to take part in co-operatives. Overall, these constraints conspire to prevent women from participating not only in co-operative organizations but in the development process itself.

19. The convening in 1985 of the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women lends even greater urgency to involving women more fully in co-operatives and related self-help organizations. Although some progress has been made in this area, the hard fact remains that progress has been limited; women are distinguished by their small numbers in co-operatives and relatively few hold managerial or policy-making positions. In socialist countries, by contrast, women generally come close to making up half the membership, a number that is, however, often not reflected in co-operative policy-making boards. This general trend is particularly dismaying inasmuch as women, it is estimated, constitute over 40 per cent of the total agricultural labour force and account for half of the labour force in the remaining third. The role of women in agriculture takes on far greater dimensions in Africa, where, according to studies, they contribute two thirds of all hours spent in traditional African agriculture and three fifths of the hours spent in marketing. 3/
20. Legal constraints and the low status of women, often a direct consequence of custom and tradition, are the main barriers to women's participation in co-operatives. In the rural areas, legal obstacles are often connected with land ownership and inheritance in which men are generally favoured at the expense of women. Membership in co-operatives in not a few countries is often linked to ownership of land or the ability to secure credit. Where these conditions obtain, women are effectively barred from membership in co-operatives because they are not allowed to have title to land. Some progress has been made in repealing this and other related discriminatory practices against women. Even where legal barriers do not exist, custom and tradition are no less effective in preventing women from participating in co-operatives.
21. The effect of such practices, whether rooted in law or custom, is to deprive the co-operative movement of the membership of an important segment of the population, whose role in the production and marketing of food is universally acknowledged. The absence of women from decision-making processes within co-operatives often leads these organizations to neglect social concerns relating to the family unit with which women are more directly involved. This, in turn, causes women to turn away from co-operative organizations.
22. As a part of the follow-up to the Rome Conference of 1979, FAO launched an umbrella programme in four regions to promote women's participation in rural organization and access to services (see C 83/23, p. 31). This programme, "Community action for disadvantaged rural women", has as its main feature the promotion of self-help activities designed to increase food production and/or income for rural women in ways they consider most appropriate and in keeping with their multiple family and occupational roles. In rural Bangladesh, where contacts between men and women are strictly limited, emphasis is given to organizing women into their own co-operatives rather than integrating them into existing organizations. Because mixed-sex co-operatives tend to be dominated by men, separate women's groups were found to offer their members greater decision-making powers and incentives because profits are managed by the women themselves. In Swaziland, where most able-bodied men are away working in South Africa for a considerable part of the year, women are more numerous than men in most co-operatives and have assumed wide responsibility as heads of households.

23. In a number of other countries there are separate women's co-operatives. India, for example, has favoured separate women's co-operatives, the majority of them being involved in food preparation and handicrafts. In the Ivory Coast, there are a number of co-operatives made up solely of women who operate and manage them. These figure mainly in food marketing, where women predominate. In Nicaragua, there are a number of small retailing or manufacturing enterprises in which women are in the majority.

24. The establishment of separate women's co-operatives does not, however, constitute the sole approach to bringing women into co-operatives. Integrated co-operatives are still most prevalent and, barring special circumstances that warrant separate women's co-operatives, should be seen as the preferred model. More attention should be given to relieving women of some of their household responsibilities so that they may assume an active role in co-operatives. In Cuba, where women constitute 35 per cent of the membership of rural co-operatives, there are village-level social services available to them so that they are free to participate in co-operatives and other types of organization.

B. Youth

25. The demographic hallmark of developing countries is the unusually high proportion of their young population. Whereas the median age of the population in most developed countries in 1980 was 31.4, that of the developing countries was just under 20 years. In the latter countries, people in the 15 to 25 age range generally made up at least half of the total population. These young people have borne a heavy share of the social and economic burden arising from the recession. Overt and covert unemployment among youth has reached soaring heights. The relatively few jobs that become available often go to older persons with work experience; young women often fail to qualify for any but low-paying jobs because their training is inferior to that received by men or they are the victims of discriminatory hiring practices; and highly trained and educated young people, because of a lack of openings for professional or skilled workers, are forced either into a life of idleness or are obliged to migrate in search of employment. In addition, young people suffer from a wide range of health and housing problems and generally do not benefit from adequate social services. 4/

26. It is against this background of deepening concern for youth that the General Assembly, in resolution 34/151 of 17 December 1979, designated 1985 as International Youth Year: Participation, Development, Peace. The International Youth Year presents a unique opportunity to review the role co-operatives can and do play with regard to young people. Co-operatives and co-operative activities can become a vital force in the lives of young people and they, in turn, given the chance, can do much to vitalize co-operatives. Co-operative and self-help organizations can provide young people with an organizational framework in which to participate in development activities. Such participation can do much to create a sense of solidarity among them, especially in rural areas.

27. Attracting young people's attention and keeping them involved in co-operative activities is a long-term task in which co-operatives have an important role to play. The record in this regard leaves much to be desired. A preliminary report on an ICA survey on youth participation in co-operatives indicates that the overall

level of youth activity is of modest proportions. The report, to which only 34 of the 169 member movements responded (or about 20 per cent) was presented to the ICA Central Committee meeting that was held at Prague in September 1983. The responses reveal that a minority of respondents offer services designed to attract young people. A minority of the movements polled show that most of their member societies have special sections for young people and that their journals provide information on youth activities. The number of movements whose affiliated members have co-operatives made up exclusively of young people is very small. Moreover, it has been found that, in countries where unemployment is high, less than a fifth of the member movements have a special policy for the recruitment of young people, thus losing the employment-generating potential of agricultural and industrial co-operatives.

28. It is expected that as more information becomes available from the ICA survey it will be shared with member organizations. The findings of the survey and the information gained from the Co-operative Youth Seminars held at Lusaka in August 1982 and Kuala Lumpur in 1983 will be channelled into the ICA activities related to the International Youth Year.

C. Disabled persons

29. The objectives of the World Programme of Action concerning Disabled Persons, which was adopted by the General Assembly on 3 December 1982 (resolution 37/52), are to promote effective measures for prevention of disability, rehabilitation and the realization of the goals of "full participation" of disabled persons in social life and development, and of "equality" (see A/37/351/Add.1 and Add.1/Corr.1, annex, sect. VIII). It is within this context that one should consider the role of co-operatives in regard to disabled persons. The World Programme of Action specifically mentions co-operatives as one type of organization that can help realize the integration of disabled persons into open employment.

30. There is little doubt that co-operatives can play a useful role in helping disabled persons to find gainful employment, receive credit and gain access to housing and needed social services. These social and economic needs are great, inasmuch as 10 per cent of the population at-large is considered disabled. Co-operatives made up of disabled persons or working on their behalf are found in a good number of countries. However, reliable information on the number of such co-operatives, the clientele they serve and the work they perform is scanty. To some extent, these lacunae will be filled by the two reports that are being prepared on co-operatives and the disabled by the Joint Committee for the Promotion of Aid to Co-operatives (COPAC) under a grant from the United Nations Trust Fund for the International Year of Disabled Persons. One is a bibliography related to co-operatives of disabled persons and the other is a directory of co-operative organizations serving disabled persons.

31. Co-operatives of disabled persons are to be found in a number of developing countries, including Burma, Ethiopia, India, the Libyan Arab Jamahiriya, Mauritius, Nicaragua, Peru and Rwanda. The main types of employment are in handicrafts, cottage industries and service enterprises. The problems encountered are broadly those of other co-operatives in developing countries, including lack of capital and trained management.

32. It is estimated that the number of co-operatives of the disabled in the market-economy countries is between 100 and 150, with an average membership of between 25 and 35; this represents only a minute proportion of the total disabled. The number of such groupings is probably larger, considering that many are not registered as co-operatives but rather as associations. This type of co-operative is much more developed in the centrally planned countries of Eastern Europe, but even there, with the notable exceptions of Czechoslovakia and Poland, and perhaps Bulgaria, its economic significance is limited. In Czechoslovakia, disabled persons are in some instances given priority for being admitted into co-operatives. This is particularly true with regard to the numerous producer/industrial handicraft and service co-operatives that were established for the purpose of producing suitable job opportunities for disabled persons.

D. The aging

33. Co-operatives and similar types of organization should consider paying more attention to the problems of aging. The median age of co-operative members, particularly in developed countries, is rising. This phenomenon is also emerging in developing countries where life expectancy is increasing. Co-operatives can perform useful services for these elderly members and former members in the fields of recreation, health, housing and education.

34. For agricultural workers, who are not subject to mandatory age retirement, continued membership in a co-operative raises no special problem. Others are allowed to remain members of the organization upon retirement, as is the case in Hungary. In Western Europe, upon reaching retirement age, members generally withdraw from agricultural co-operatives, at which time they receive the share capital accumulated over the years. In the German Democratic Republic, co-operative members who for reasons of old age or disability are no longer able to work benefit, as do all other working people, from allowances paid under old age and disability insurance schemes.

V. INTERRELATIONSHIP BETWEEN AGRARIAN REFORM AND AGRICULTURAL CO-OPERATIVES

35. When the World Conference on Land Reform was held at Rome in 1966 the focus was on schemes involving expropriation of land and redistribution to the landless. Today, broadly speaking, such schemes are either completed or nearing completion, or abandoned because of political opposition. On the other hand there is considerable activity throughout the developing world in the areas of land reclamation and settlement. The expression "agrarian reform" is generally taken to cover both, as well as all measures affecting land tenure, for example, abolition of share-cropping arrangements, conferment of legal title, etc.

36. It may be useful to give a very brief indication of recent trends (since 1980) in agrarian reform before discussing the role played by agricultural co-operatives. 5/ In the Near East, Iraq and the Syrian Arab Republic initiated land reform in the late 1950s, and by 1980 the amount of expropriated land covered about one half and one quarter, respectively, of recorded arable land in the two countries. The Agrarian Reform Law of 1980 in the Syrian Arab Republic further

reduced the ceilings on individual land holdings to 15 ha of the best irrigated land and 140 ha of rain-fed land. Some other countries in the area, such as Democratic Yemen, Egypt and Tunisia, have intensified their efforts to carry out programmes started in the 1950s and 1960s. In a few countries (Jordan, Oman, Yemen) there has been no significant government action in recent years.

37. In Latin America, land settlement policies have been more significant than redistributive reforms. In regard to the latter, the only new initiative has been in Nicaragua, where 1.2 million ha have been expropriated and transformed into public property, partly administered by the State and partly distributed to landless farmers organized in co-operatives. Tenancy has been regulated and rents reduced. There has also been a continuing redistribution of land in the Dominican Republic and in Ecuador, though on a fairly limited scale. Active land settlement programmes are found in Bolivia, Brazil, Colombia, Ecuador, Paraguay, Peru and Venezuela, but only a small proportion of peasants have so far benefited. Moreover, much of the new land has been gained at the expense of forests: 4.2 million ha of forest were destroyed between 1978 and 1980. Overall there has been a deterioration in access to land, as shown by such indicators as urban immigration, landlessness, declining levels of real wages and employment and incidence of rural poverty.

38. Both redistribution and settlement have a long history in Asia and the Pacific region. With the exception of the Republic of Korea and the socialist countries of the area, land redistribution programmes have not progressed far and, in many cases, existing laws have not been fully implemented. Mention should be made of the report of the Land Reform Committee in Bangladesh in 1983, which recommended a lowering of the ceiling on landownership in the flood-free areas from 13.3 ha to 10 ha. Programmes of land settlement are under way in countries such as Indonesia, Malaysia, the Philippines, Sri Lanka and Thailand. Settlement, particularly in Thailand, often involves the destruction of forests, and adverse ecological effects are already evident. Tenancy reforms of various kinds are common throughout the region. In many countries of the Far East landless and marginal farmers together constitute more than half of the rural households, and their numbers in all countries are rising.

39. The major policies and programmes in Africa south of the Sahara relate to regulation of customary tenure and dualism between large-scale agriculture and small farms governed by customary tenure. Most of them are in continuation of long-standing policies, with the exception of Benin, Cape Verde and Zimbabwe, which have in the last few years introduced changes in land tenure favouring peasants who are cultivating the land. A few Governments (Kenya, Swaziland and to a lesser extent Malawi) pursue pre-independence programmes of "individualization" of land ownership. Others (Angola, Ethiopia, Mozambique, United Republic of Tanzania) have undertaken a major transformation of the agrarian system, making land the collective property of the people, the community or the State. Most countries, however, have not gone beyond the promulgation of a law vesting all land titles in the Government. In general little has been done for pastoralists, who are estimated to account for over 10 per cent of Africa's total population, and who in some instances have been deprived of traditional grazing areas by commercial land operations. Problems of landlessness are emerging in a number of countries because of rapid rural population growth.

40. In any large-scale land settlement, whether on expropriated or newly reclaimed land, some form of organization for the assignees is essential. The latter are seldom prepared for the responsibility of running a farm. They are also confronted with a host of technical problems, such as choice of appropriate crops and methods of cultivation, water use and control, and fertilizer requirements. The Government, for its part, is anxious to avoid any dramatic decline in production and is in need of an organized channel for extension services. For these and other reasons both Government and beneficiaries feel the need of an institution grouping all the beneficiaries. In many countries this institution takes the co-operative form. 6/

41. The performance of these land reform and land settlement co-operatives has varied considerably from country to country. Two general observations can, however, be made. The first is that Governments are so vitally involved in land reform and settlement that co-operatives set up in this context cannot expect to be given the degree of autonomy that might be desirable in more normal circumstances. Problems connected with governmental promotion of co-operatives are discussed in more detail in a later section. The other is that the absence of economic disparities among the assignees of redistributed or reclaimed land makes for cohesion in the co-operative, but this positive factor may be offset by ethnic or cultural incompatibilities. 7/

42. The relationship between agrarian reform and co-operative development has taken different forms in different societies. In Czechoslovakia, agrarian reform was considered to be a necessary condition for the development of co-operatives. The Agrarian Reform Act of May 1981 in Nicaragua seeks to encourage poor peasants to join production co-operatives through land tenure reform. In other countries, where co-operatives are deeply rooted, they are seen as instrumental in promoting and implementing agrarian reform and land settlement and reclamation schemes.

43. Under legislation adopted in Egypt in 1983, membership in a co-operative, normally an optional matter, is required of beneficiaries of agrarian reform and land reclamation schemes. In Thailand, land settlement co-operatives have been formed as a way of dealing with the problem of tenancy. Participatory approaches are also in evidence in land settlement programmes. In Sri Lanka, in the new settlements of the Mahaweli Scheme, farmers are organized in groups of 15 to 20 cultivators who expect to be consulted at each stage in the development of the project.

44. Using co-operatives to influence agrarian reform programmes is usually a sound approach because of the widespread existence of agricultural co-operatives. To the extent that these organizations are representative of the poor and small farmers, and are independent and effective in their work, they could prove highly effective in implementing agrarian reform. All too often, however these organizations have serious deficiencies on these and related matters. FAO, in its progress report on the Programme of Action adopted at the World Conference on Agrarian Reform and Rural Development, pointed out serious shortcomings regarding agriculture co-operatives whose effectiveness for implementing agrarian reform might be subject to serious limitations. The report noted: "Countries are beginning to show a growing awareness of the inadequacies in the performance of their co-operatives mostly conditioned by power structure such as the hold of the rural rich on them, their inadequate performance, high rates of overdues, lack of autonomy and official

control, need for orienting the management decisions to the needs of small farmers, and the need for shift from exclusive emphasis on credit and marketing to meeting the production needs of small farmers" (C 83/23, p. 26). Through proper planning, as the report noted, many of these deficiencies can be overcome. Measures taken in Nepal in 1981 to alter the power structure in agricultural co-operatives in favour of small farmers and the poor are illustrative. Since that year two thirds of the seats on the ward committee and on the board of directors of primary co-operatives are reserved for those groups.

VI. STRENGTHENING MOVEMENT-TO-MOVEMENT ACTIVITIES AMONG CO-OPERATIVES

45. Providing assistance across national boundaries from an established co-operative movement to a sister movement, without government or other official intermediaries, is not a new idea. The co-operative ethic implies such an obligation and co-operative principles as reformulated by ICA in 1966 are supportive of collaboration among co-operatives of all types and at all levels. Transfer of resources from one movement to another could be in the form of information, technology, manpower or funds. North-South co-operation has usually included support by the developed countries of co-operatives in developing countries.
46. If the idea of movement-to-movement support is inherent in co-operative ideologies, the political context in which it is now being discussed has changed considerably. After several decades of support for strengthening co-operative movements in developing countries provided by Governments in developed countries, there is less than full satisfaction with the results. Although much has been accomplished under this form of assistance, there is a widespread feeling that more could have been accomplished with the resources that were provided.
47. It is against this background of finding alternative ways of assisting co-operatives that interest has developed in movement-to-movement support. This model seeks, in the process of assistance, to change the Government's role from manager to sponsor. In the recipient countries, Governments understandably claim a droit de regard in the activities of external assistance agencies and the larger the scale of the activities, the more closely they will follow them. From the donor side, most of the funds come from the Governments of developed countries, although a small but not insubstantial amount comes from the co-operative movement. The United States Co-operative League, for example, made a commitment of \$US 250,000 to co-operative trade and development in India for the period 1983-1986. A number of co-operative and credit union organizations in Canada contributed \$Can 168,000 through the Co-operative Development Foundation (CDF) to help co-operatives in developing countries - an increase of 22 per cent over the previous year. Significantly, DCF has made available substantial numbers of grants for credit union development. Half of all grants made in the period 1981-1982 were for some form of credit union institutional development.
48. Today, there is increasing evidence that co-operative movements in some industrialized countries are becoming more interested in providing assistance for co-operative development in developing countries, on a movement-to-movement basis.

Scandinavian countries have taken the lead in this. The Swedish Co-operative Movement, supported by the Swedish International Development Authority (SIDA), co-ordinates aid to the co-operative movements in Kenya, the United Republic of Tanzania and Zambia. In 1982, the Swedish Co-operative Centre (SCC), which handles co-operative assistance to developing countries, signed an agreement with the Zambian Co-operative Federation (ZCF) under which SCC provides assistance directly to the Zambian movement. Both the Danish and Norwegian government aid programmes encourage movement-to-movement aid. The various sectors of the co-operative sector in Europe have been actively discussing with the Commission of the European Communities ways in which the European Development Fund programme can use the experience and personnel of agricultural co-operative organizations in the identification and implementation of co-operative assistance programmes.

49. In the United States of America, there is no central executive agency for co-operative assistance overseas, and bodies such as the Co-operative League of the United States of America (CLUSA), the Agricultural Co-operative Development International (ACDI), the Co-operative Housing Foundation (CHF), the National Rural Electrification Co-operative Association (NRECA) and others manage their own programmes, mainly financed by the United States Agency for International Development (USAID). There are, however, two committees on which all are represented: the Overseas Co-operative Development Committee (OCDC), which is their recognized spokesman in the Congress and the Executive Branch of the United States Government, and the Co-operative Resources Committee (CRC), which provides a forum for discussion of joint concerns of an operational nature. A recent example is a report entitled "Co-operative status assessment and development strategy for Peru" (Washington, 1983), the result of a joint effort by the members of CRC. The latter has had considerable experience in collaborating with other groups in projects in Bolivia, Jordan and Nicaragua. Mention should also be made of the long-standing movement-to-movement activity of the World Council of Credit Unions. WOCCU places a high priority on mobilizing resources from a variety of internal and external sources for strengthening and expanding the credit union movement in the third world. It is also involved in efforts to create financial structures within the national co-operative sector for overseas assistance.

50. Assistance between the co-operative movements of developing countries is gaining in importance, though usually not on a systematic basis. Experience from the Anand dairy co-operatives in India, for instance, has been made available to co-operatives in some other countries. There are as yet, few co-operative movements that can afford to think of helping others. In this context, it would be useful to investigate models of successful co-operative movements in developing countries that lend themselves to other developing countries.

51. Movement-to-movement support appears to have certain inherent advantages. Judiciously pursued, it permits the resources of the donor co-operative movement to be directly linked to the resource base of the recipient movement. This strengthening of direct links provides the opportunity for continuing support, implying the exchange of experience and personnel, and the development of long-term partnerships. This could lead to increased development of commercial relationships between co-operatives in different countries. Movement-to-movement aid, when channelled through apex organizations, can do much to strengthen their operations and enhance their credibility within the local co-operative movement. This has been one of the beneficial results of the agreement between SCC and the Zambian

Co-operative Federation which is responsible for monitoring the aid programme. Finally, it should be recognized that co-operators in both the donor and recipient movements have a direct stake in their aid projects and in seeing them through to a successful conclusion.

52. Movement-to-movement aid cannot progress far unless co-operative movements in both the donor and recipient countries, as well as Governments, are prepared to support it on a long-term basis. In the absence of such a commitment, assistance may dry up in financially difficult times and put at risk what has already been accomplished. The donor movement, moreover, should eschew financial and technical assistance, however attractive, based on models which do not respond to the needs of the recipient movement. Finally, care should be taken by the recipient movements to avoid dependence on this form of assistance.

VII. ROLE OF CO-OPERATIVES IN THE VARIOUS SECTORS IN IMPROVING THE PRODUCTION, MARKETING AND CONSUMPTION OF FOOD

53. The exceptional frequency and intensity of droughts in many parts of the world since the early 1970s and the existing financial burden of food imports in a number of developing countries has heightened the vital importance of national food production and food security. 8/

54. The extent to which co-operatives are involved in the three main phases of the food cycle - production, marketing 9/ and consumption - varies widely from one country to another. 10/ In the centrally planned economies, they are usually prominent in all three phases. Co-operative (collective) farms account for anything between 40 per cent and 90 per cent of total farmed land, while consumer co-operatives carry between a third and a half of the retail trade. In other countries, both developed and developing, they are of minor importance in the production phase. In the developing countries consumer co-operatives, when they exist, are usually to be found among the better-off categories of the population. A valid generalization would be that the major involvement of co-operatives in the food cycle is in marketing.

55. In considering the food cycle, special attention has to be given to the issue of food security. In practical terms, this implies giving special attention to three separate but interrelated objectives: (a) ensuring a regular supply of food at reasonable cost; (b) providing for an equitable distribution of food, especially to the poorer and geographically dispersed segments of the population; and (c) building up buffer stocks against times of shortages and the lean periods between planting and harvest. Group action at the local level is important for achieving food security. There is now an expanding movement in the Sahel, especially in Burkina Faso and the Niger towards creating local-level cereal banks. In Senegal, a movement is under way to create seed stores.

56. The scope and performance of food marketing co-operatives in the developing countries are very uneven. 11/ Many of the successful marketing co-operatives are those handling non-food crops such as coffee and cotton. There are, however, examples showing that co-operatives can market large quantities of food products effectively. Dairy co-operatives and their unions (Kenya Co-operative Creameries,

country-wide, and Marikani Milk Scheme, coast only) account for virtually the entire marketing of dairy products in Kenya. The Kenya Farmers' Association, a co-operative, is the sole buying agent for wheat for the National Cereals Produce Marketing Board. In Indonesia, the village co-operatives (KUD) have increased their share of the rice market from 73 per cent in 1973-1974 to 98 per cent in 1981-1982. Oilseed co-operatives in Gujarat have increased their membership from 300 in 1978 to 70,000 in 1981; they now own two oil mills and plan to erect five more in an attempt to break the grip of the few powerful families who control oilseed trade and processing in India. As a general rule, co-operatives in developing countries have only a modest share in food processing.

57. It would be quite misleading to consider co-operative performance in food processing in isolation from government policies. Almost always official interventions or measures of one kind or another play a part, and sometimes a major part, in determining the performance of food processing co-operatives. They may reduce the scope for management initiative and competence, in contradiction with the often stated aim that co-operatives should function as business enterprises. 12/ In many cases the Government fixes the prices to be paid to the farmer and the margin to be allowed to the co-operative for the various services it performs. Generally inadequate to begin with, the margin is quickly eroded by inflation. On the other hand, co-operatives may be granted concessional credit, tax remissions or monopolies that, at least in the short run, 13/ appear to be advantageous. Recently some Governments in Africa have increased the price paid to the farmer for staple foods and have passed the increases on to the urban population.

58. When comparisons are made between the marketing co-operatives and the traditional private traders, the conclusion is often reached that the latter are more efficient - and perhaps they are from a narrowly economic viewpoint. There are, however, other factors to be taken into account. The private trader buys and sells exclusively in what he judges to be his own best interest. He can and does, refuse to buy when he sees no profit in the operation. He adjusts the price to the individual circumstances of the seller, which may well mean that the larger supplier gets a better price than that offered by the co-operative. As the trader very often controls storage and transport, supplies consumer goods and acts as money-lender, he can afford occasionally to be generous on one count knowing that he can recoup elsewhere. The co-operative, by contrast, is obliged to buy all quantities and qualities offered to it by its members (in practice, by any farmer in its area), usually at prices fixed by the Government but in any event in accordance with a posted tariff. Finally, smuggling, a widespread phenomenon in many countries that diverts substantial sums from government revenue, is an activity normally not engaged in by co-operatives.

59. Food processing and marketing is probably one of the areas in which collaboration between co-operatives of developed and developing countries could well be extended. Such movement-to-movement support could take various forms: market research and feasibility studies, training, construction and equipment of processing plants, finance, joint ventures. A number of developed countries co-operatives, notably in Italy and Sweden, have set up special departments or agencies for feasibility studies for plant construction, and for training facilities for co-operative managers and technicians from developing countries.

60. At present, most of the modernization of the food processing sector in developing countries is done by, or under arrangements with, transnational corporations. ^{14/} This assistance for developing modern factories and technology, training facilities, a convenient financial package and assured markets conceals possible risks, but the overriding strategy is that of a private corporation seeking maximum profit. Technological solutions are often offered that reduce employment - in countries with chronic unemployment and underemployment - and increase costly dependence on other countries for management, spare parts, energy and often imported raw material. The products offered are for the better-off urban consumers and are beyond the reach of the rural poor. There is thus an important function to be performed by co-operatives of developed countries, as was recognized in the conclusions of the First Consultation on the Food Processing Industry, organized by UNIDO in 1981. It acknowledged the importance of improving new forms of co-operation that would enhance the integrated development proposed for the food-processing industry. This would involve new partners such as small and medium-sized enterprises and co-operatives.

61. This is, undoubtedly, a difficult challenge. While the Governments and co-operatives of the developing countries must have the final choice, they will have to rely on their overseas partners (co-operative or transnational corporation) for technical guidance. As Governments of developing countries are often interested in acquiring the latest technology, transnational corporations and co-operatives should be at pains to explain the options impartially and make appropriate suggestions.

62. There are indications that progress is being achieved in this area. In addition to the aforementioned First Consultation on the Food Processing Industry, UNIDO organized in 1981 a meeting on the role of co-operatives in the development of food-processing industries. The International Federation of Agricultural Producers (IFAP) placed this same subject on the agenda of its Standing Committee on Agricultural Co-operation in 1982 and has since prepared a roster of co-operatives willing and competent to provide assistance to developing country co-operatives in the food processing sector. In 1983 the Government of Canada, in collaboration with UNIDO, organized an international conference on co-operative food processing. One of the main concerns of the conference was to identify opportunities for active collaboration in the areas outlined above between co-operatives in Canada and those in developing countries. Discussions have also been under way between various developed country co-operatives, including French and Hungarian, regarding possible joint ventures involving collaboration with co-operatives in developing countries.

63. As regards collective farming in a co-operative form, it has a clear advantage if the aim is to achieve an integrated system. Quantities and qualities of the various products for processing can be forecast more accurately than under a régime of individually managed farms. Many economies of scale and technical advances can also be secured. The transformation of land tenure systems and the traditional relationships consolidated over centuries is never an easy task, however, and many countries prefer to rely on improving individual farming by extension, subsidies, incentives and similar methods.

64. Consumer co-operatives in many developed countries have a substantial share of the retail food trade. The primary role of consumer co-operatives is to ensure a regular supply of unadulterated food and reliable household goods and equipment, at the lowest prices compatible with the co-operatives' survival. In countries with mixed economies, competition in the towns between individual retailers, supermarket chains and co-operatives is generally so intense that prices charged by co-operatives cannot be substantially lower than elsewhere.

65. The consumer co-operatives, however, have a more positive role to play than merely surviving in the face of severe competition. As pointed out in the Secretary-General's report to the General Assembly at its thirty-eighth session (A/38/63), much has been achieved by co-operatives, in collaboration with other private and sometimes official agencies, in the area of consumer protection: listing of all ingredients in packaged food, banning or restrictions on toxic chemicals, safety standards in electrical equipment and so on. Consumer protection can also be appreciated from an economic viewpoint. Some co-operatives try to limit the price-inflating effect of heavy - and often unethical - advertising of brand name goods by producing equivalent generic products that are not advertised at all and can therefore be sold more cheaply.

66. In a number of developed countries where strong agricultural and consumer co-operative movements exist, there is relatively little active collaboration between them. There is, of course, an obvious conflict of interest over prices, which sometimes obscures the substantial identity of interest on the broader front of an efficient food chain, where producers and consumers are often to be found in a complementary and not antagonistic relationship.

67. Consumer co-operatives, as already mentioned, are relatively new in developing countries and their membership is often concentrated among the better-off segments of the population.

VIII. TRAINING AND EDUCATIONAL PROGRAMMES TO PROMOTE THE EFFECTIVENESS OF CO-OPERATIVES AND MAKE THEM MORE RESPONSIVE TO THE NEEDS OF THEIR MEMBERS

68. "Training" and "education", although the terms are often used together, are clearly different in nature and purpose. Training programmes are designed to help members of co-operatives to upgrade the level of their performance. This addresses a multitude of tasks performed by co-operatives, ranging from decision-making activities to discrete operations performed by co-operators in the field or workshop. Educational programmes have as their principal purpose teaching members and prospective members about the philosophy and principles of co-operation and the rights and responsibilities that inhere in membership.

69. The target population of such programmes varies; there are programmes given for the benefit of co-operators and others for government officials who are responsible for co-operative activities. Providers of education courses and training programmes are generally varied. These include schools and training institutes of the State, co-operative organizations and public agencies. Much training is provided by government agencies to co-operators, often aided by bilateral assistance programmes, international organizations, non-governmental

organizations and movement-to-movement activities. In the Gambia, for example, ILO is funding a training project designed to strengthen the national co-operative movement by upgrading the management skills of co-operative supervisors. Another project in the Gambia that is funded by CLUSA/AID has among its aims improving literacy among members of co-operatives in the North Bank division of the country.

70. Within this context, mention may be made of a series of national workshops on co-operative training policy and standards in selected Asian countries, organized by ILO, and financed by the Government of Norway (see ILO/NOR/81/RAS/31, p. 4). This was a follow-up to the regional symposium on the same subject held at Chiangmai, Thailand, in 1979. It was felt desirable to review the conclusions and recommendations of the Chiangmai symposium. These cover, among other things, manpower surveys, employment conditions and faculty development, and a recommendation that the Government in each country should adopt a policy of transferring functions which are related to training from government agencies to the co-operative movement. Following this, national workshops were held in late 1981 and early 1982 in India, Indonesia, Sri Lanka and Thailand. The possibility of arranging similar workshops in the other countries represented at Chiangmai (Bangladesh, Burma, Malaysia, Nepal, Philippines, Singapore) is under consideration. The national workshops so far held have broadly confirmed the practical value of the Chiangmai guidelines.

A. General education

71. The burden of disseminating the philosophy and precepts of co-operatives and promoting development through co-operatives is largely a responsibility of the school system. The schools, ranging from the primary system to university education, are able to reach a large proportion of young people at an age when they are receptive to new and stimulating ideas. Unfortunately, this unique opportunity for teaching youth about co-operatives is generally not sufficiently exploited; not uncommonly it is completely lost for lack of a proper curriculum or teachers, or simply out of indifference or ignorance. As a way of dealing with this situation in Colombia, starting in 1984, the principles of co-operation have become part of the obligatory curricula of primary and secondary schools, as well as of institutes of higher education.

72. Co-operative movements seek to bring their influence to bear on national ministries of education with a view to introducing education programmes on co-operatives. School systems, whether administered by national, provincial or local authorities, are often confronted with competing claims on their limited resources. Timely and effective assistance to school administrators in the form of curriculum and teacher training by co-operative organizations could help to introduce programmes dealing with co-operatives. Introducing innovative programmes in complex organizations such as national school systems requires an ability to work with school administrators, political leaders and parents. One or a combination of these factors could become effective agents for change and lead to a revision of the school curriculum in favour of co-operative organizations.

73. The case for promoting co-operative education in secondary and higher institutions of learning is more compelling than ever because of the severe

economic crisis in most developing countries and the effect that this has been having on co-operatives. Policy makers in many developing countries are attempting to define the role of Government towards co-operatives with a view to making them more economically efficient organizations as well as more responsive to the needs of their members. Dealing with these and related problems requires a managerial cadre schooled in business management and economic theory compatible with the principles of co-operatives. The beneficiaries of such education programmes could become the future leaders of the co-operative movement.

B. Training

74. There is a continuing need to promote training not only in conventional areas of co-operative concerns but in emerging fields as well. As more attention is focused on the rural and urban poor, women and special population groups such as youth and the disabled, it is necessary to train co-operators in new techniques for reaching these people and making them into effective co-operators. At a seminar for women active in co-operation that was held at Oruro, Bolivia, in December 1983, the participants requested that co-operative training be geared to enabling women to participate in the planning and administration of co-operatives. They also requested that training material be made available in local languages.

75. These proposals underline the importance of training women if they are to assume positions of leadership in co-operatives. They also point to the acute lack of training materials in local languages. People who are literate only in these languages face an impossible situation when provided with manuals and training kits written in the official national language. The autonomous co-operative college of Malaysia has a practice of distributing many of its publications in the main languages spoken in the country, that is the Malaysian national language, Chinese, English and Tamil.

76. More can be done in this regard by more effective and imaginative use of mass communications. Video education and other forms of communications could be highly useful in transmitting educational and training information for skill development. These techniques could also be used for transmitting information about co-operative activities to concerned organizations in different parts of a country. Agricultural co-operatives in the Republic of Korea have extended their public information services by utilizing the mass media as a way of promoting an appreciation among member farmers of agricultural policy and imbuing them with a correct understanding of agricultural co-operative business. Along these lines, priority should be accorded to sensitizing the leaders of the media to the importance of co-operatives so that they can provide coverage to co-operative activities at the national and local levels.

77. International organizations, in particular ILO (MATCOM), FAO (AMSAC) and ICA (CEMAS), have been making a sustained effort in the production of training materials for use in the developing countries. ^{15/} Suitable material is in short supply and demand continues to be strong. MATCOM (Materials and techniques for co-operative management training) is an ILO interregional project supported in the past by Sweden and now by other Nordic donors and is mainly concerned with training co-operative managers.

IX. DIFFICULTIES FACED BY COUNTRIES IN THE ESTABLISHMENT AND DEVELOPMENT OF CO-OPERATIVES IN URBAN, AS WELL AS RURAL, AREAS AND THEIR EXPERIENCE IN OVERCOMING THEM

78. Urban co-operatives account for an important part of the overall co-operative movement in terms of membership, volume of business and the number of people they serve. Foremost among these are consumer, credit and thrift, housing and insurance co-operatives. In addition to these, industrial co-operatives figure importantly in a number of developed countries and are to be found in some developing countries as well. In France, Italy, Poland and the United Kingdom there are 53,000 industrial co-operatives with 6.2 million members. It may be seen, therefore, that the co-operative movement, which has deep roots in the rural/agricultural sector, is also well established in urban areas.

79. In developing countries, there are signs of an awakening interest in promoting co-operatives and other self-help organizations in urban areas as a way to deal with the increasingly intractable problems of unemployment, inadequate shelter, lack of physical infrastructure and social services, the high cost of food and the continual degradation of the physical and human environment. What has added an element of urgency to these problems is the explosive urban population growth. While the urban population in the developed countries is expected to increase by 23 per cent between 1980 and the year 2000, that in the developing countries will have grown by a little more than 100 per cent over the same period. It is estimated that the increase for Africa will be 170 per cent.

80. This expected quantum leap in population growth will exacerbate existing problems and place ever greater strain on existing resources. In the circumstances, alternative approaches will have to be devised to mobilize people along co-operative and self-help lines in finding ways to cope with the problems of rapid urban growth.

81. Urban co-operatives hold out the prospect of being an effective organizational structure in helping people, particularly those possessed of some means and skills, to overcome problems of unemployment, housing and high cost of food and other basic needs. Yet establishing co-operatives in urban areas, whether they be in the field of housing, small-scale industry, credit or marketing, is often far more difficult than creating similar organizations in rural areas. The propensity to work along co-operative and self-help lines in urban areas is far less pronounced than in rural society. Urban society does not provide a natural economic base as do rural areas where agriculture serves as a way of life for much of the population. These problems apart, urban co-operatives experience many of the same difficulties encountered by co-operatives in rural areas; these include untrained management cadres, inadequate capitalization and restricted access to credit facilities, unskilled workers and an absence of effective secondary or apex organizations to provide purchasing, marketing and other back-up services for the primary organizations.

82. In the face of these difficulties, outside support is necessary, at least in the formative stage of urban co-operatives, if they are to survive and become economically viable organizations. Governments, international organizations and non-governmental organizations can play a useful role in this regard. A number of

countries, including Botswana, Ethiopia, India, Indonesia, Kenya, Nigeria, Peru, the United Republic of Tanzania and Zimbabwe, have encouraged the formation of handicraft or industrial co-operatives. At the international level, the ILO has given assistance to the creation of artisans' co-operatives in several countries, including Ethiopia, Madagascar and the United Arab Emirates. It has also assisted the development of consumer co-operatives in a variety of countries and territories including Bermuda, Botswana, Burkina Faso, Kuwait, the Niger, Papua New Guinea, Togo and Sri Lanka (see GB.225/OP/2/7, p. 29). Non-governmental organizations have also been helpful in providing technical assistance for housing co-operatives.

83. In this context, mention should be made of the joint efforts of UNIDO and ICA to promote workers industrial co-operatives. A meeting was held by ICA in 1981 to examine the report of two consultants who had carried out detailed research on this type of co-operative in developed and developing countries. In February 1982, UNIDO and ICA together organized the Conference on the Economic and Social Potential of Industrial Co-operatives in Developing Countries, held at Arusha, United Republic of Tanzania, at which a number of developing countries presented specific proposals for the promotion of industrial co-operatives. Poland, a country with many successful industrial co-operatives, has provided valuable support for these endeavours and, in 1983, acted as host country for an international conference organized by the International Committee of Workers Co-operative Productive and Artisanal Societies.

84. Urban co-operatives should therefore receive greater attention on the part of Governments. While far from being a panacea for remedying all the ills of urban society, co-operatives can make a useful contribution in certain sectors of that society. In the following paragraphs attention will be given to identifying the potential benefits as well as the real problems connected with industrial co-operatives. This review is in keeping with an approach followed in the previous report (A/38/63), which contained a section on difficulties and successes (paras. 55-68) relating primarily to rural co-operatives.

85. Industrial co-operatives have considerable potential for generating employment for those who might otherwise remain unemployed. 16/ There is evidence that workers will invest savings in their own co-operatives even if there is little likelihood of a dividend, on the grounds that this could help ensure their continued employment. 17/ It is this employment-generating potential that led the French Government, in March 1983, to help organize among some 200 immigrant workers in the Sentier quarter of Paris a workers' production co-operative (Société coopérative ouvrière de production). These immigrants had been hired on an irregular basis by local employers, who often did not pay taxes for social services. With financial assistance from concerned government agencies, this workers co-operative has, after only one year, achieved a degree of relative success in its operations. 18/

86. Industrial co-operatives, it is acknowledged, can do much to promote industrialization, particularly in the field of small-scale industries. Experience in the United Republic of Tanzania and elsewhere has shown that the required investment to promote employment for a single member is not high. This is one of the reasons why a number of countries have stressed the development of industrial co-operatives in their national plans. 19/ Other reasons have to do with the

advantages that accrue to individual members and the community from the distinctive features of the co-operative form of organization. These include the equitable distribution of any surplus to the membership and the latter's participation in the organization's decision-making process.

87. Whether an industrial co-operative proves successful ultimately depends on a number of factors, not all of which are within its control. One necessary condition is initial support from the Government to help the co-operative get off the ground. Usually, this takes such forms as financial aid, training of management, and technical assistance in the production and marketing of the finished product. Governments can also do much in creating the proper environment for industrial co-operatives by strengthening the legislative basis for their activities. Such support, on the other hand, carried too far, could lead to excessive reliance and, ultimately, dependence. In certain States in India, labour co-operatives have gone out of business or have become dormant because expected aid from Government was not forthcoming. 20/

88. As in the case of rural co-operatives, efficient management is essential for the success of urban co-operatives. This is one of the important factors making for success or failure of industrial producer co-operatives that was discussed in the pilot study undertaken by ICA for the Conference on the Economic and Social Potential of Industrial Co-operatives in Developing Countries. It was felt that the lack of managerial ability was more often at the root of the difficulties of industrial co-operatives than the lack of capital. On the question whether there was a clash between democratic principles inherent in the nature of the co-operative and efficient management, the study found no evidence that industrial co-operatives suffered from this.

89. There was a feeling that the principle of limited return on capital needed rethinking, as an industrial co-operative, especially when it grew in size, needed larger inputs of capital than were perhaps required by other kinds of co-operative organization. The limited return on capital caused an acute problem of under-capitalization among the industrial co-operatives that were studied, as potential investors were ordinarily not members of such organizations and financial institutions were generally not favourably disposed towards them.

90. A strong correlation exists between membership solidarity and the success of the enterprise. Strong religious attachments among the membership or a common struggle against an employer are among the factors that have made for such social cohesion. The early associates of the Basque Catholic priest José Maria Arizmendi Arrieta, who was the leading force in inspiring the co-operative movement of Mondragon in the Basque Province of Spain, were Christian militants who felt that they were implementing the social message of the Gospel. Although the Mondragon co-operative movement is entirely secular, elements of that initial inspiration are still in evidence. Whatever the reason for social solidarity, it serves to increase worker commitment to the co-operative. These two factors go hand in hand, contributing to higher motivation and hence to increased productivity.

X. THE ROLE OF GOVERNMENT SUPPORT IN PROMOTING CO-OPERATIVES

91. According to recommendation No. 127, approved by the Conference of ILO in 1966, Governments should give co-operatives aid and encouragement, of an economic, financial, technical, legislative or other character, without effect on their independence. 21/ The World Conference on Agrarian Reform and Rural Development held in 1979, in a declaration of principles subscribed to by the vast majority of Governments, laid emphasis on the participatory nature of co-operatives and similar organizations and on the obligation for Governments to respect it.

92. The essence of the problem is well understood: too much government control can weaken co-operatives and undermine their autonomy, too little support by Government will deprive them, at least at the early stages of formation, of necessary financial, technical and other needed support.

93. Existing economic difficulties make it more imperative than ever to forge a mutually beneficial partnership between Government and the co-operative movement. It is not in the former's interest to have a dependent co-operative movement whose economic weaknesses create a continuing drain on the resources of the State. Nor is it to the benefit of co-operatives to stand alone and be cut off from the many benefits that are identified with Government.

94. Co-operatives in socialist countries are fully autonomous, have close links to Government and are active partners in promoting economic and social development. By and large, the co-operative movement is regarded as an integral part of the socialist social order. As a result of this association, co-operatives derive considerable benefits. In the Byelorussian Soviet Socialist Republic, the State assists the consumer co-operative movement by making available short-term loans on favourable terms, by exempting from income tax newly organized co-operatives, and by granting discounts on the purchase of a number of goods from state enterprises.

95. In many developing countries, particularly those that have market economies, Governments go beyond these essentially ministerial functions and provide a wide range of services and technical inputs, usually with the active participation of the co-operatives. These include assistance in training, production, marketing and processing and some degree of protection against market forces. Here, the philosophy of government involvement pivots on the idea of promoting the co-operative movement but making the movement the responsible agent of its own development. 22/

96. Government can do much to create a favourable climate for the establishment, operation and growth of co-operatives. One way of realizing a proper climate can be through reform of existing legislation covering co-operatives. The services of the Co-operative Programme of ILO have been requested by Governments to help them draft improved co-operative legislation. Such legislation drafted with ILO assistance has been promulgated in Burundi, Cameroon and Senegal and is in the process of promulgation in Fiji, Greece, Haiti, Pakistan and Togo. This has been a focal point of the work of ILO in the co-operative field during its current biennium and was favourably commented on by the Governing Body at its session in February-March 1984 (see GB.225/OP/2/7, pp. 32 and 33). These activities, as well as those of FAO in the co-operative field, indicate what international organizations can do to promote a favourable climate for co-operative endeavour.

97. While the creation of such a climate is to a great extent a government responsibility, employers and workers organizations also can do much. These organizations have much to offer to co-operatives in the way of technical support as well as moral and political support. A favourable climate also requires the involvement of the poorer elements of society in the co-operative movement.

98. It can be seen that co-operatives can and do play an important role in overall socio-economic development. More efforts however are needed to promote and strengthen the co-operative movement as a mechanism to alleviate poverty and promote self-sustained socio-economic development.

XI. CONCLUSIONS

99. On the basis of this review and analysis, Member States may wish:

(a) To renew their commitment to promoting co-operatives in a manner that is consistent with the need to preserve their autonomy and democratic character;

(b) To encourage rural co-operatives to become more directly involved in the production of food for domestic consumption. Consideration should be given to providing financial, technical and other incentives that would strengthen the role of co-operatives in the production, marketing and consumption of food;

(c) To support efforts 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 for the Third United Nations Development Decade. 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;

(d) To promote the development of urban co-operatives in such areas as industrial production, credit, housing and social services;

(e) To explore ways to strengthen the involvement of women, young people, disabled persons and the aging in co-operative and self-help organizations;

(f) To promote co-operative activities among the poorest elements of society that have traditionally not had access to co-operative organizations;

(g) To encourage programmes to improve the management of co-operatives through training and educational programmes.

Notes

- 1/ G. Belloncle and D. Gentil, Politiques et structures de promotion des coopératives dans l'Afrique sahélienne (Haute-Volta,* Mali, Niger, Sénégal), joint study by COPAC and the Netherlands Government, 1983.
- 2/ Ivory Coast, Ministère de l'agriculture, des eaux et des forêts, Direction de la mutualité et de la coopération, Rapport d'activités, campagne 1982-1983: situation du mouvement coopératif en Côte d'Ivoire.
- 3/ See FAO, Women in Food Production, report of the expert consultation held at Rome from 7 to 15 December 1983.
- 4/ For a wide-ranging discussion of the concerns of youth, see the report of the Secretary-General on the situation of youth in the 1980s (A/40/64-E/1985/5).
- 5/ Unless otherwise indicated, all factual information in this section is derived from the FAO progress report on the Programme of Action adopted at the World Conference on Agrarian Reform and Rural Development (C 83/23).
- 6/ A detailed illustration of ways in which co-operatives may contribute to the successful implementation of land reform is contained in the annex to ILO Recommendation No. 127 of 1966 concerning the role of co-operatives in the economic and social development of developing countries.
- 7/ The situation may, however, be reversed. See M. Haubert, "Réforme agraire, coopératives et pouvoir paysan dans la sierra équatorienne", Archives de sciences sociales de la coopération et du développement, No. 66 (1983). In the area studied, the beneficiaries of land reform had widely divergent economic and social status before entering the co-operatives and this is cited as a negative factor, in spite of a certain cultural homogeneity.
- 8/ FAO calculates that food imports to Africa in the years 1972-1982 more than doubled in volume and increased five times in price.
- 9/ Understood in the widest sense to include any processing, grading, etc., normally carried out before the first point of sale.
- 10/ Role of Co-operatives in the Development of the Food Production, Processing and Marketing Chain (AC 2/82) (Paris, International Federation of Agricultural Producers).
- 11/ S. K. Saxena, Global Review of Co-operative Food Processing from the Perspective of Developing Countries (Markham, Canada, 1983).
- 12/ G. Belloncle and D. Gentil, op. cit.

* Now Burkina Faso.

Notes (continued)

- 13/ Some authors point out the dangers of coming to rely on favours that can be withdrawn at any time.
- 14/ See Farming in the Eighties: Interdependence or Domination (P5/80) (Paris, International Federation of Agricultural Producers).
- 15/ See also A/38/63, para. 58 and, for more details, A/36/115, paras. 77-93.
- 16/ S. K. Saxena, "From handicraft to industry through co-operatives", paper prepared for the Eleventh World Conference on Industrial Co-operatives, held at Warsaw in 1983.
- 17/ See the report of the Conference on the Economic and Social Potential of Industrial Co-operatives in Developing Countries, held at Arusha, United Republic of Tanzania, from 15 to 19 February 1982 (UNIDO/CPE.3), chap. II.
- 18/ Le Monde, 5-6 August 1984.
- 19/ See Government of India, Sixth Five-Year Plan, 1980-1985, 1981, p. 186 ff.
- 20/ Proceedings and Recommendations of the All-India Conference on the Role of Labour Co-operatives in the New 20-point Programme, 28 February-1 March 1983.
- 21/ See also "The nature and functions of co-operatives" (GB.225/OP/2/7, appendix II).
- 22/ See "Social impact of co-operativism" (OEA/Ser.H.XIV, CEPCIES/991), paper prepared for the Technical Meeting on Development and Promotion of Co-operatives, held at San José, Costa Rica, from 5 to 7 June 1984 (Organization of American States, Inter-American Economic and Social Council).
