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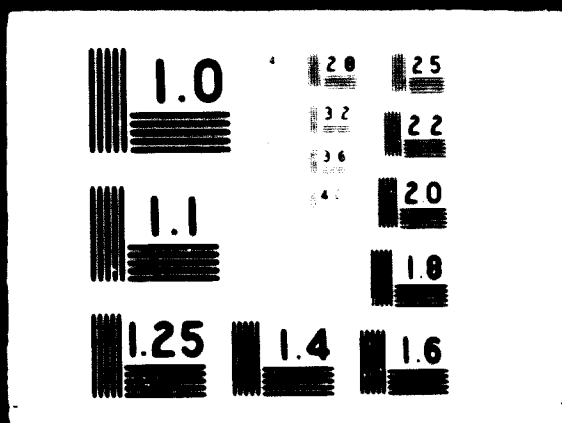
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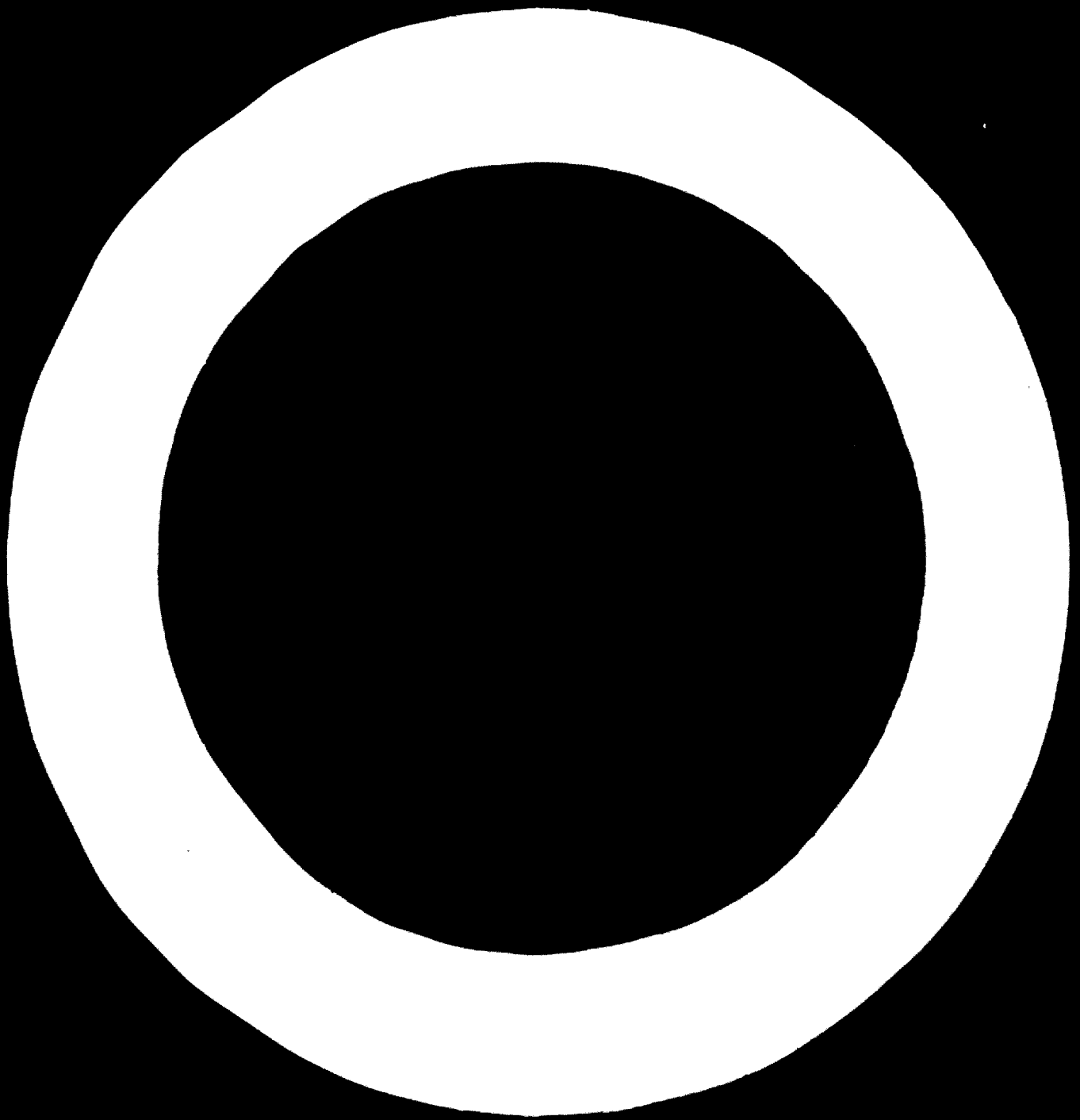
Expert Group Meeting on Industrial Co-operatives  
Warsaw, Poland, 30 August - 3 September 1971

FINAL REPORT \*

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

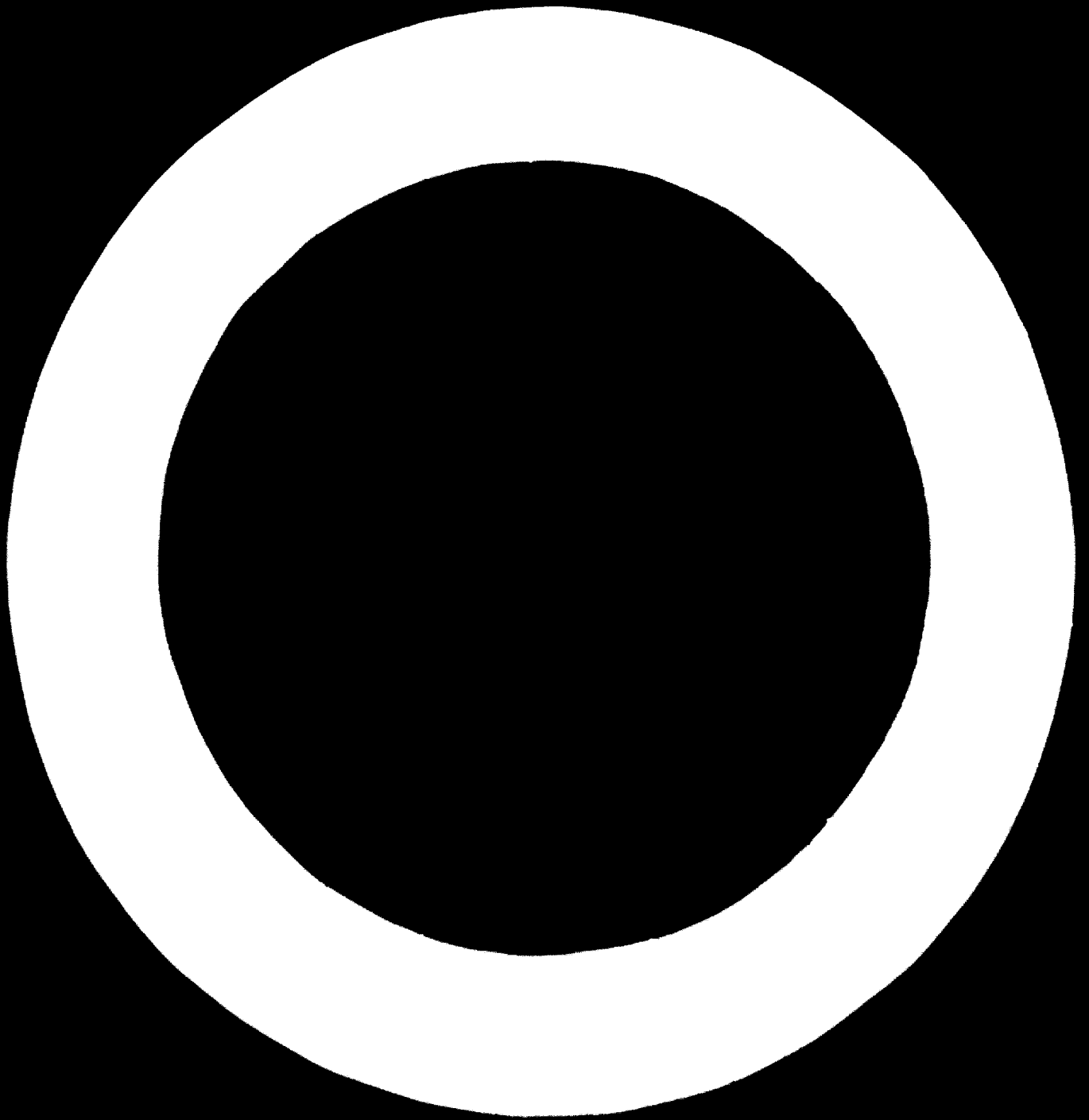


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## ANNEXES

- I. Agenda
- II. Work Programme
- III. Guidelines for the Preparation of Case Studies  
for UNIDO Regional Training Workshops on Industrial  
Co-operatives



## I. INTRODUCTION

The Meeting of Experts was convened by the United Nations Industrial Development Organization (UNIDO) in co-operation with the Polish Central Union of Workers' Productive Co-operatives and held at its Headquarters in Warsaw.

The Group elected as its Chairman, Mr. James Leonard, Secretary of the Co-operative Production Federation of the United Kingdom. Mr. T. Kowalak, Deputy Director, Co-operative Research Institute, Warsaw, was elected Rapporteur.

The other members of the Expert Group were:

Mr. M.F. Graham  
President  
Asociacion de Co-operativas  
de Trabajo de la Republica Argentina  
Buenos Aires  
Argentina

Mr. D.V. Larson  
President  
Canadian Co-operative Implements Ltd.  
Winnipeg 15  
Canada

Mr. K.G. Howard  
Secretary-Manager  
Western Co-operative College  
Saskatoon  
Canada

Mr. B.K. Sinha  
Member-Secretary  
National Co-operative Union of India  
Delhi-8  
India

Mr. B. Trampczyński  
President  
Polish Central Union of Workers'  
Productive Co-operatives  
Warsaw  
Poland



Mr. T.M.F. Ngowi  
Deputy Principal  
Co-operative College  
Moshi  
Tanzania

Mr. A.L. Larson  
Director  
International Co-operative  
Training Center  
Madison, Wisconsin  
U.S.A.

Mr. J. Gudmundsson of the International Labour Organisation (ILO) attended the Meeting as an observer.

The Technical Secretariat was provided by Mr. J.E. Cabrera of UNIDO.

The terms of reference provided by Mr. Cabrera to the Expert Group in his opening address were the provision of recommendations aimed at translating into practical action programmes of the conclusions and suggestions contained in the UNIDO Report (ID/B/88) approved by the Industrial Development Board in May 1971, on the "Role of Co-operatives in the Industrial Development of Individual Countries", and in particular, the formulation of a programme for regional training workshops in the field of industrial co-operatives which are planned to be conducted by UNIDO beginning in 1972.

The Agenda as appears in Annex 1 was adopted at the opening session of the Meeting. The recommendations that follow were formulated by the Group of Experts after extensive discussions on the Agenda, and in accordance with the Work Programme of the Meeting. These recommendations which were unanimously adopted by the Expert Group Meeting at its last session, are included in this Report under three sections:

- A. Recommendations relating to the development and operation of industrial co-operatives in developing countries, with particular reference to the legal and organizational framework, financing, and training;

- B. Recommendations for the formulation of a three week programme for UNIDO regional training workshops on industrial co-operatives;
- C. Recommendations relating to mutual co-operation and collaboration between industrial co-operatives in different countries.

In addition to the UNIDO Report (ID/B/88) mentioned above, a paper prepared by Mr. Kenneth G. Howard on "The Introduction of Regional Training Workshops on Industrial Co-operatives" (ID/WG.108/4) was used as a background paper.

## II. RECOMMENDATIONS RELATING TO THE DEVELOPMENT AND OPERATION OF INDUSTRIAL CO-OPERATIVES IN DEVELOPING COUNTRIES

The Meeting agreed that industrial co-operatives in developing countries have the potential to play a significant role in promoting and contributing to industrial development. Before industrial co-operatives can do so effectively, however, there are many obstacles which need to be overcome. It was recognized by the Meeting that these obstacles involve problems connected with promoting and organizing new industrial co-operatives, as well as with problems dealing with operating already established industrial co-operatives.

The Meeting recognized that these obstacles relate to the lack or inadequacy of such arrangements in developing countries as: an appropriate legal and institutional framework for promoting the development of industrial co-operatives, sufficient financing, adequate training and research facilities, and sufficient resources of second and third level co-operative associations for providing adequate assistance to industrial co-operatives, including advisory services.

The Meeting noted that the lack of these and other arrangements was indicated in the Report of "The Role of Co-operatives in the Industrial Development of Individual Countries", (Document ID/B/88) which was submitted to the Fifth Session of the United Nations Industrial Development Board.

It was further recognized by the Meeting that a basic element in the promotion and development of new industrial co-operatives is the existence of a "dynamism" in developing countries for the growth of the industrial co-operative movement. Where such a dynamism does not exist among co-operative leaders, there is a need to promote such a dynamism.

A few of the experts at the Meeting gave examples of how these difficulties had been overcome in their own countries. These will appear in this Report in the form of specific recommendations of the Meeting.

After having thoroughly considered all the above, the Expert Group Meeting agreed on the following recommendations in the field of development and operation of industrial co-operatives in developing countries.

A. Legal and Organizational Framework

- UNIDO in co-operation with the International Co-operative Alliance (ICA) and ILO as required, should provide assistance to the governments of developing countries -- upon request -- in establishing an adequate legal framework, favouring the setting-up of industrial co-operatives as an integral part of the co-operative movement; in providing the above assistance, advantage should be taken of the studies by the ILO and ICA on the subject of co-operative legislation;
- Arrangements for providing promotional and advisory services should be evolved or strengthened by governments, particularly in those countries in which an adequate "dynamism" necessary for the development of industrial co-operatives does not exist. These arrangements might well be developed by establishing, with the assistance of UNIDO, an appropriate institutional framework for promoting and assisting the development of industrial co-operatives;
- According to the requirements of the governments or co-operative movements in particular countries, this institutional framework may take the form of industrial co-operative promotional and advisory centres, established with UNIDO assistance, in those countries where similar centres do not already exist for co-operatives in general. In those countries where such centres are already established for co-operatives in general, these centres should give more concern to undertaking activities aimed at the development

of industrial co-operatives. This could be achieved through the collaboration of international organizations operating in these countries with UNIDO. It is assumed that in all cases -- whether in the establishment of industrial co-operative promotional and advisory centres or in the expansion of the activities of existing general co-operative development centres -- there will be full co-operation of all concerned international organizations so as to avoid duplication of efforts and resources;

- The assistance given by the centres in question should give priority to the needs of workers' productive co-operatives, including their development. The assistance, in addition to other promotional activities, might include the preparation of feasibility studies, advice and information on supply of raw materials, credit and on marketing of goods produced, and elaborating and implementing training programmes.
- Industrial co-operative promotional and advisory centres could be organized by attaching them to government departments concerned with the promotion of industrial co-operatives, or alternatively, assistance and encouragement could be given to second and third level industrial co-operative associations to establish their own centres. In addition to promotional and advisory services, these associations might also provide more direct assistance by actually marketing the goods produced, providing credit, purchasing and distributing raw materials, etc.
- UNIDO should make arrangements to inform all governments concerned in developing countries, and national co-operative associations in particular, about experiences and measures which have proved to be effective in the countries with developed and successful industrial co-operatives. For this purpose UNIDO might undertake special case studies.

**B. Financing**

With regard to a lack or inadequacy of suitable facilities for financing the establishment and operation of industrial co-operatives, it is recommended that:

- The necessary resources for industrial co-operative organization and growth should, as a first step, and as far as practicable be sought by creating local development funds, and secondly by creating development funds on the second and third level industrial co-operative organizations;
- There is a need for special state financial aid to industrial co-operatives, and that a special fund may be created for this purpose. These special funds should also be utilized for financing of planning and development projects;
- Funds be earmarked by co-operative banks for financing industrial co-operatives;
- Insurance and urban credit co-operatives in particular may orient their lending policies towards the needs of industrial co-operatives;
- UNIDO should provide assistance to developing countries, upon request, in establishing suitable facilities including the organization of institutions for the financing of industrial co-operatives;
- UNIDO should provide governments concerned in developing countries with detailed information on existing systems which have proven to be successful in the financing of industrial co-operative organizations at all levels.

C. Training

The Expert Group recognized that there are three main aspects which should be considered in the development and operation of industrial co-operatives. These are:

- i. activities concerned with promotion, leading to the establishment of industrial co-operatives
- ii. activities concerned with providing assistance to industrial co-operatives once they have been established, and
- iii. activities concerned with actually operating industrial co-operatives

In this connexion, the Expert Group noted that they were concerned with two distinct groups of personnel involved in the development and operation of industrial co-operatives and they should consequently recommend training programmes to meet the particular needs of these two groups.

The first group "key personnel", was considered essential for initiating promotional and assistance activities, whereas the second group, consisting of adequately trained managers, engineers, and technicians, were considered by the Meeting to be essential for operating effectively, industrial co-operatives.

The Meeting recognized that for the latter group of personnel, longer-term training programmes were needed. Such training programmes might take the shape of (a) seminars of longer duration, organized on a regional basis, or (b) in-plant or in-service training programmes organized in industrial co-operatives located in more industrialized regions, either within the same country or abroad.

In the light of the above, and considering that the training of personnel operating industrial co-operatives should be:

(a) job oriented with emphasis on improving management and technical skills, (b) practical enough to ensure full utilization of facilities provided and to retain trained personnel for a longer duration, and (c) dynamic enough to be able to meet the challenges ahead and closely linked with the system of education at polytechnics to avoid duplication of efforts and waste of resources, recommends that:

- The Regional Training Workshops on industrial co-operatives planned to be organized by UNIDO should be for "key personnel" and should be realized in collaboration with governments co-operative organizations and international agencies concerned;
- The organization of international seminars on the role of industrial co-operatives in industrial development should also be considered by UNIDO, with the purpose of informing policy-makers and key personnel responsible for the origination of and assistance to industrial co-operatives, of the best experiences in this field. Countries with developed industrial co-operative movements should be chosen for realization of these seminars;
- UNIDO in collaboration with governments of countries with developed industrial co-operative organizations, will organize in those countries, in-service training courses of longer duration for managerial and engineering staff, either already working in industrial co-operatives in their respective countries or trained for the purpose of setting up those co-operatives. In-plant training of this kind should be closely connected with the plans of developing industrial co-operatives adopted by the governmental agency or national co-operative organizations concerned. The readiness of the Polish Union of Workers' Productive Co-operatives to collaborate in the realization of such programmes was taken note of.



- UNIDO should examine the possibility of elaborating and publishing a handbook on organization of industrial co-operatives appropriate for the training of officials of governmental agencies and second and third level co-operative organizations responsible for establishing such co-operatives. The handbook should be prepared primarily as a training guide.

**III. RECOMMENDATIONS FOR THE FORMULATION OF A THREE WEEK PROGRAMME FOR REGIONAL TRAINING WORKSHOPS ON INDUSTRIAL CO-OPERATIVES**

With reference to one of the terms of reference of the Expert Group that it should discuss and finalize a programme for short-term regional training workshops on industrial co-operatives, the following guidelines are recommended:

**1. Objective**

- a. to provide participants with methods and techniques for the promotion of industrialization through the development of industrial co-operatives;
- b. to enable the participants to have a better appreciation of promotional measures, schemes of assistance, modern management techniques and a knowledge of the impact of industrial co-operatives on improving employment potential, income and general economic conditions of the developing countries;
- c. to acquaint the participants on ways and means of organising similar training and orientation programmes for top-level and senior personnel in their own respective countries as a follow-up to the workshop.

**2. Participants**

As recommended by the Group earlier, the participants should be top-level key personnel directly concerned with the promotion and development of industrial co-operatives. The number of participants of the Workshop should be fifteen or so. As far as possible, the participants of the Workshop should be balanced between the various types of personnel, as for example:

- i. government officials directly concerned with promoting industrial co-operatives
- ii. senior officials of second and third level co-operative associations
- iii. managers of large-scale industrial co-operatives
- iv. senior faculty members of co-operative training institutions

In selecting the participants, an important consideration should be that their functions back home have a multiplying effect on the development of industrial co-operatives and that they may be expected to continue to work in the industrial co-operative sector for a reasonable period of time.

3. Duration

As indicated in the document circulated for discussion in the Group Meeting, the duration of the workshop would be three weeks. This would mean that the workshop will have about ninety working hours.

4. Location

The location of the workshop should be determined by UNIDO in consultation with the concerned authorities and preferably in a country where there is already an established co-operative training college or centre and where industrial co-operatives have possibly made headway.

5. Contents

The contents of the training programme should broadly include the following:

- a. Industrial co-operatives and their role and potential application in industrial development for promoting balanced urban and rural development, with special reference to the countries represented by participants at the workshop;
- b. Objectives and advantages of industrial co-operatives and measures needed to promote such co-operatives;
- c. Review of programmes of development of industrial co-operatives in the countries participating in the workshop;
- d. Preparation of feasibility studies and project planning — immediate as well as prospective;

- e. Review of modern management techniques with special reference to industrial co-operatives;
- f. Financing, marketing and other services for industrial co-operatives, with special reference to selected industries;
- g. Director information, member relationship;
- h. Training of various categories of personnel;
- i. The role of secondary and third level organizations in the development of industrial co-operatives,
- j. The role of international organizations in the promotion and development of industrial co-operatives and in the establishing of contacts between industrial co-operatives of different countries with special reference to the roles of UNIDO, ILO and the ICA;

6. Methodology and Training Material

Appropriate methodology should be adopted to ensure effectiveness of the workshop and to encourage maximum involvement of the participants. For this purpose, the method of lectures combined with discussions should be adopted, and increasing use should be made of suitable audio-visual aids.

In order that the participants come well prepared and better informed, it would be desirable for them to prepare an analytical review of industrial co-operatives in their respective countries for presentation and discussion in the workshop. It would also be useful for UNIDO to prepare case studies of successful and unsuccessful industrial co-operatives in selected countries of both developing and developed areas. These case studies should be treated as training material. Some guidelines for their preparation are included as Annex 3 to this Report.

To facilitate a detailed and more intimate discussion of some of the crucial topics to be covered by the workshop, smaller groups of participants might be formed to utilize the benefits of group dynamic techniques.

A programme of field studies of industrial co-operatives should be developed as an integral part of the training programme and participants given advance information related to the operation of the industrial co-operatives to be visited. For the purpose of the study tours, the participants might be divided into smaller groups and visit co-operatives in different areas. The reports on the field trip should also be discussed by the workshop to exchange impressions and observations.

The proceedings of the workshop should be prepared and circulated to all concerned.

7. Evaluation

Before the conclusion of the workshop, an evaluation should be conducted. For this purpose, a questionnaire should be circulated to all the participants to indicate their free and frank opinions. The objective of this evaluation might be to determine the extent to which the goals of the workshop and the needs of the participants have been fulfilled.

8. Resource Persons

- a. A few resource persons should be made available to the workshop for guiding its deliberations. The number of such persons need not exceed three and they might be drawn from UNIDO or ILO. Reputed experts in the field of co-operative promotion and education and management might also be invited for this purpose.
- b. Director: The workshop would have to be organized and conducted under the overall supervision and guidance of a workshop director. The director should be selected by UNIDO.

- c. Supporting Staff: For the smooth and efficient functioning of the workshop, supporting secretariat and other staff will be necessary. The services of such persons may be secured in collaboration with the host training institution. The teaching staff of the co-operative training institution centre where the workshop would be conducted, might be closely associated with the programmes of the workshop.
- d. Lecturers: Subject matter specialists with an adequate knowledge of the countries represented in the workshop and of the industrial co-operative movement should be invited to initiate discussions on the subjects of their specializations and assist the participants in such discussions. It will also be obligatory on their part to give a written text of their talk. A suggestion was made at the Meeting, that to the extent possible, concerned international organizations, particularly UNIDO, ILO and the ICA, might provide the services of their experts in the field.

**IV. RECOMMENDATIONS RELATING TO MUTUAL CO-OPERATION AND COLLABORATION BETWEEN INDUSTRIAL CO-OPERATIVES IN DIFFERENT COUNTRIES**

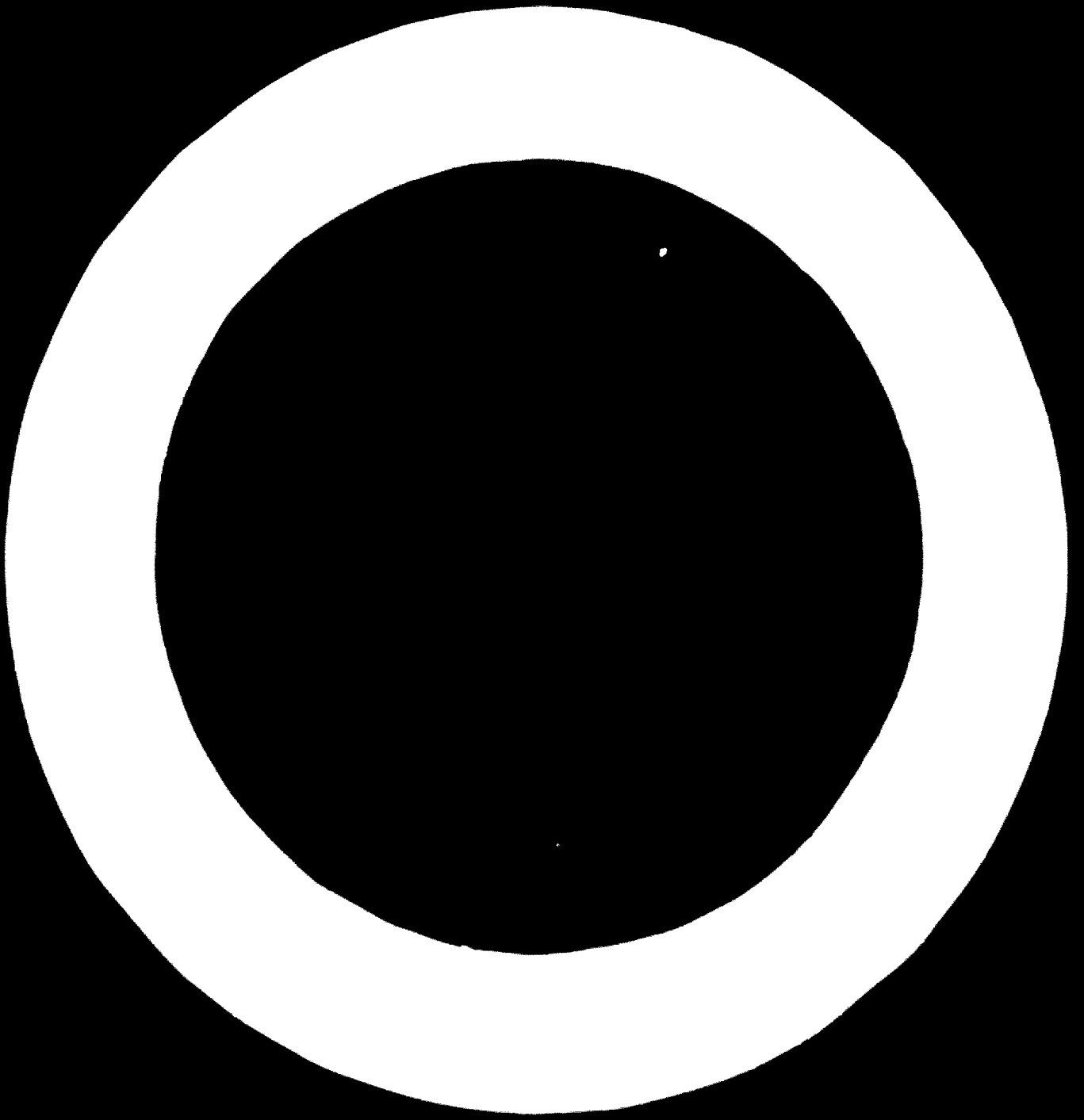
To promote international collaboration in the field of promoting and assisting the development of industrial co-operatives in different countries, the Meeting recommended that:

- UNIDO in collaboration with the ICA, and possibly other international organizations concerned should organize and promote bilateral contacts between industrial co-operative organizations of different countries with the aim of:
  - (i) exchanging of information on the activities, needs, experiences, as well as designs, expertise, equipment, etc. of industrial co-operatives in different countries;
  - (ii) exchanging of study groups composed of managerial staff, to acquaint them with experiences in the field of organizing and operating industrial co-operatives;
  - (iii) organizing in-plant training of selected managerial and technical personnel on the basis of reciprocity;
  - (iv) examining the possibilities of developing mutual trade (i.e. supply of raw materials, machines and implements, marketing, financing, etc.) and technical assistance; for example, assisting in establishing and putting into operation, selected industrial co-operative factories;

The Expert Group noted that UNIDO is exploring with the ICA, the possibility of organizing promotional meetings to bring about contacts between industrial co-operatives of different countries for the purposes outlined above and they fully endorsed this activity.

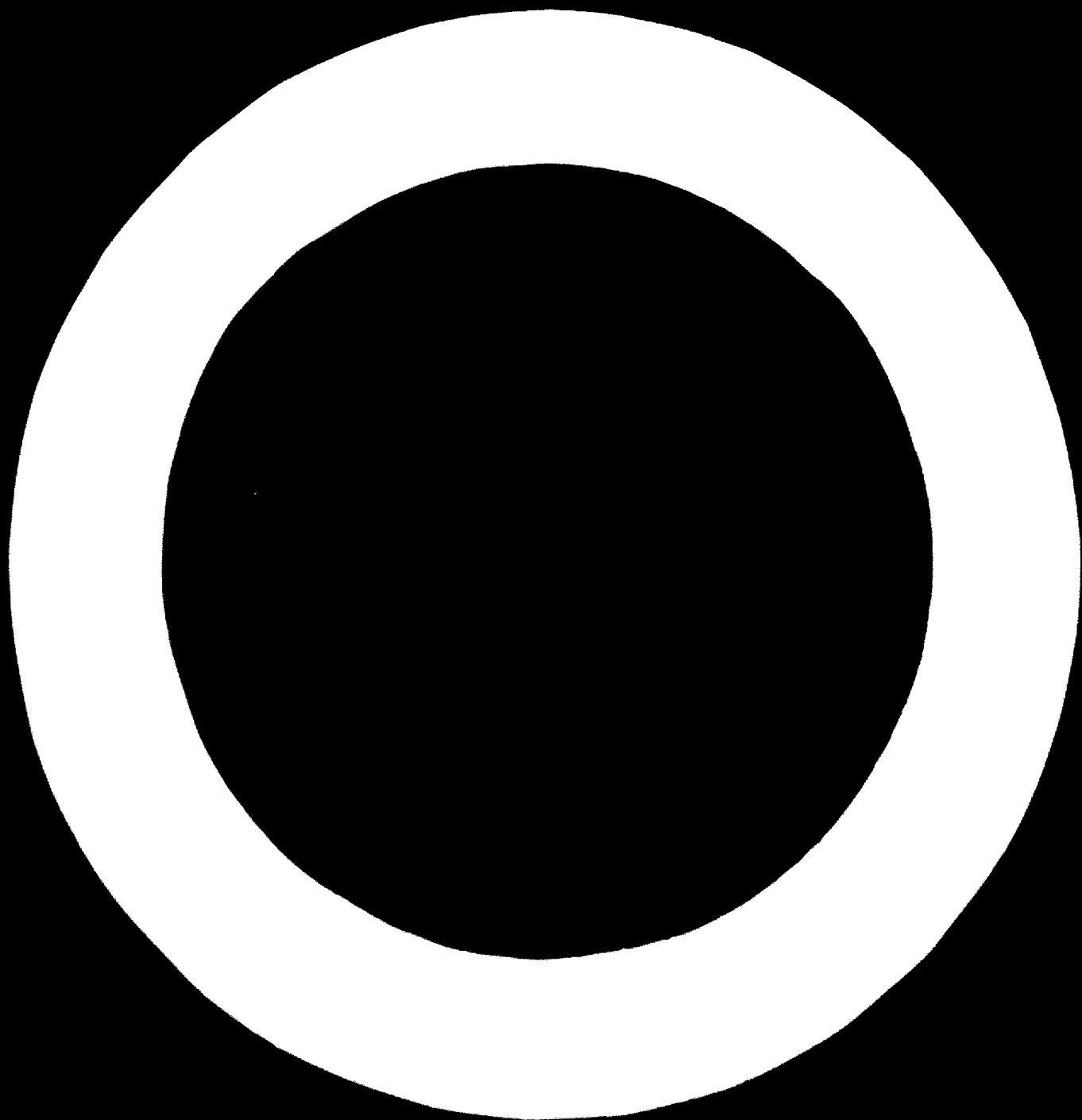
The Expert Group felt that such promotional meetings should be held on a regional basis, but that in all cases, representatives of countries where industrial co-operatives were more developed, regardless of the region of these countries, should also participate in the meetings. The problems concerned with the promotion and assistance to the industrial co-operatives should be given special emphasis in all relevant periodicals of international organizations.





AGENDA

1. Opening Addresses
2. Election of Officers
3. Adoption of the Agenda and Work Programme
4. Development and operation of industrial co-operatives in developing countries:
  - promotion of the development of industrial co-operatives (institutional framework, review of promotional measures that have proven to be effective)
  - organization and operation of industrial co-operatives (economic, engineering and management problems)
  - establishment of advisory services including feasibility studies for industrial co-operatives
  - promotional, management and technical skills development for industrial co-operatives (academic education and formal educational programmes, short-term training, workshops, in-service and in-plant training schemes, etc.)
5. Formulation of a 3 week programme for regional training workshops on industrial co-operatives
6. Mutual co-operation and collaboration between industrial co-operatives in different countries:
  - exchange of assistance between industrial co-operatives in such areas as management, marketing, technical know-how, training and equipment
  - measures for bringing about contacts between industrial co-operatives in different countries so as to make possible arrangements for the exchange of such types of assistance
7. Discussion of the Report and Adoption of Recommendations



WORK PROGRAMME

Monday

30 August 1971

9:00-10:00

Opening Addresses

Election of Officers

Adoption of the Agenda and Work Programme

10:00-12:00

Agenda Item 4 — Development and Operation of Industrial Co-operatives in Developing Countries

14:00-18:00

Continuation of Discussion on Agenda Item 4

Tuesday

31 August 1971

9:00-13:00

Continuation of discussion on Agenda Item 4

14:00-16:00

Sightseeing of Warsaw

19:00

Banquet (given by the Polish Supreme Co-operative Council in honour of the participants)

Wednesday

1 September 1971

Study trip to Lublin. Visit to workers' productive co-operatives and a training centre of the Central Union of Workers' Productive Co-operatives.

**Thursday**  
**2 September 1971**

- 9:00-12:00                      **Agenda Item 5 — Formulation of a programme for regional training workshops on industrial co-operatives**
- 14:00-17:30                      **Continuation of discussion on Agenda Item 5**
- 19:00                              **Concert (arranged by the Polish hosts)**

**Friday**  
**3 September 1971**

- 9:00-13:00                      **Agenda Item 6 — Mutual co-operation and collaboration between industrial co-operatives in different countries**
- 15:00-17:30                      **Agenda Item 7 — Discussion of the report and adoption of recommendations**
- 19:00                              **Reception (given by the representative of UNIDO)**

GUIDELINES FOR THE PREPARATION OF CASE STUDIES  
FOR UNIDO REGIONAL TRAINING WORKSHOPS ON INDUSTRIAL CO-  
OPERATIVES

1. In order that the Workshop lends itself to practical experiences and attainable goals in the field of industrial co-operatives, it would be desirable to phase discussions on case studies of selected types of such co-operatives operating in varied conditions. These studies may be largely used as training material.
- 2A. The case study would be a critical, detailed and analytical account of the primary industrial co-operatives, bringing out:
  - a. The background in which the co-operative originated
  - b. Review of progress indicating the phasing of development with regard to:
    - (i) membership
    - (ii) operations
    - (iii) financial help
    - (iv) management, with special reference to:
      - control by general body and board of management
      - delegation of power and authority
      - material management
      - production management
      - personnel management and development
      - director information and membership relationship
    - (v) economic and social gains to members and the community
  - c. Leadership provided in the promotion and growth of:
    - (i) industrial co-operative enterprises
    - (ii) rural entrepreneurship
  - d. Factors responsible for the success or otherwise of the co-operative

- e. Special assistance available and actually received from:
  - (i) state
  - (ii) financing and marketing agencies, and
  - (iii) other co-operative associations
- f. Immediate and prospective plans of development of the co-operative; and
- g. Appraisal of the future potentiality of the society with suggestions for further improvement

2B. Case studies of selected state and national level industrial co-operative associations may also be prepared for the aforesaid purpose.

3A. Three primary industrial co-operatives, each representing a typical successful, unsuccessful and indifferent society may be carefully selected from developing as well as developed countries, e.g. Poland and France in Europe; India and Japan in Asia; Canada and Argentina in America; and Morocco and Nigeria in Africa.

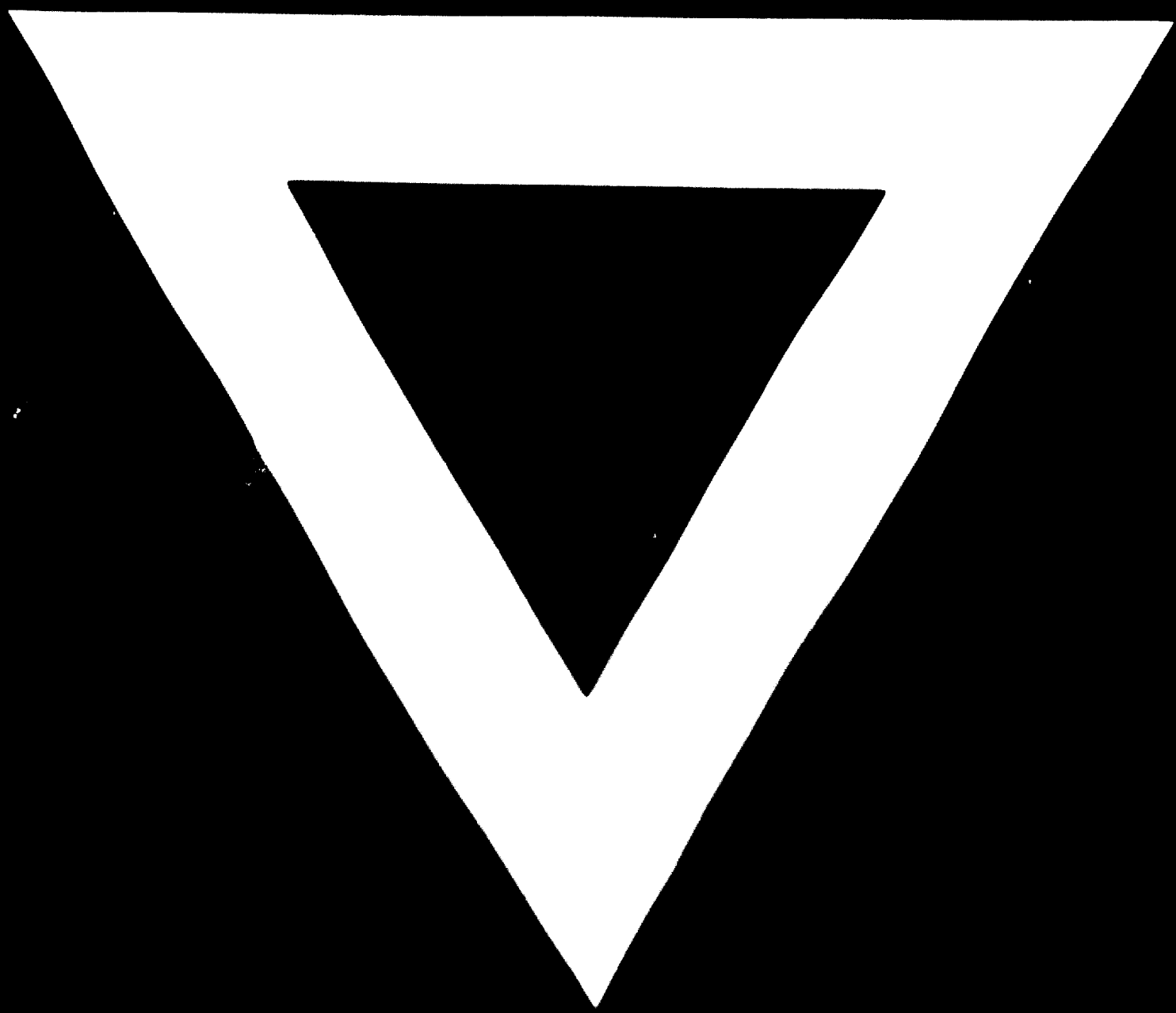
3B. As far as possible, primary co-operatives in the same industry as for example, textiles, leather, engineering, agricultural processing, etc. may be selected from one country essentially to bring out the factors responsible for their progress or otherwise in different settings.

3C. State and national level associations of the said countries might also be studied to facilitate the review of building-up relationships between primary and higher level co-operatives.

4A. Case studies may preferably be undertaken by the national level co-operative training institution and/or the university teaching co-operation. Where these institutions are not available for the assignment, the work could be entrusted to the national federation of industrial co-operatives, national co-operative union/council or government department concerned with industrial co-operatives.

4B. UNIDO would be expected to initiate, co-ordinate and finance the project of case studies as a part of the preparatory arrangements for the Regional Training Workshops.





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