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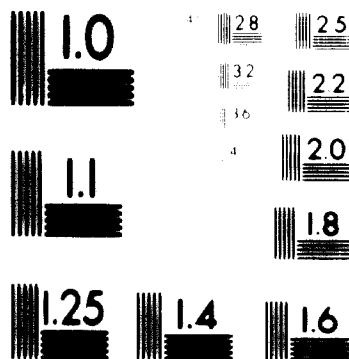
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INTERNATIONAL CO-OPERATIVE ALLIANCE

Provision of Services relating to Assistance in
Industrial Co-operatives in El Salvador
UNIDO Contract No. 71/81

Mid-Term Report and Annexes of the Expert,

Mr. J. J. SANCHEZ

2256

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SMALL-SCALE INDUSTRIES AND HANDICRAFTS

INTRODUCTION

In spite of the great efforts made by the Salvadorean Government to promote the development of small-scale industries and handicrafts, a series of relatively complex factors has prevented a complete attainment of the objectives set. This report attempts to analyse these negative factors. We do not wish to ignore the positive factors that undoubtedly exist, but we consider it appropriate to make some comments on what, in our view, prevents industrial progress in El Salvador, analyse its causes and make some recommendations that might provide solutions.

The observations that follow are the result of an analysis "in situ" of the present situation of small-scale industries, of which we tried to obtain representative samples.

It should be noted that several important events, which have had a decisive influence on trade and industry in El Salvador, cannot be analysed through statistical data; due to the period in which these events occurred such data is not available. They are, however, the factors that have caused a slow-down in the vigorous progress of the industrial sector of the Salvadorean economy.

It has been thought relevant to point out the adverse consequences that rising unemployment has for El Salvador; it can be stated categorically that this is the main problem which the country has to face. Its prompt solution is therefore a necessity.

1. GENERAL ANALYSIS

1.1. Analysis of the general problems. Possible solutions.

The Council for Economic Planning and Co-ordination outlined a plan for industrial development for the period 1968 - 1972, which included small-scale industries and handicrafts. The results obtained so far have not lived up to the expectations it generated. It is therefore important to understand that causes that contributed to this lack of complete success, and to find a viable solution to the problem.

1.1.1. Conflict with Honduras.

Small-scale industries and textile crafts lost an excellent market for manufactured products and artisan cloth. We were told in various organisations that this was the cause of the critical financial position in which most of the textile workshops in San Sabastian find themselves; it was

also said to be the cause of the difficulties that small-scale clothing and shoe industries, and in general all small-scale industries and handicrafts, have had to face.

1.1.2. Envisaged solution.

A search for new markets, for which the following pre-requisites are necessary: a) An improvement in the quality of products
b) A lowering of production costs.

a) The first of these pre-requisites can be met with permanent technical assistance, which must be provided until the small industries are able to stand on their own feet. This assistance must be directed towards improving control of raw materials, standardising production, controlling the quality of the manufactured product, training specialised staff and studying marketing and public relations techniques. In order to obtain positive results the co-operation of national and international organisations should be secured. Moreover, given that similar attempts have failed through lack of an efficient programme, adequate co-ordination of the sectors involved is necessary.

b) Industrialisation begins when value is added to raw materials. Two factors reduce the competitiveness of manufactured products in non-traditional markets; the cost of domestic raw materials, and the cost of imported raw materials. Labour is efficient and its cost is lower than average. (A reduction of marketing costs is therefore necessary to make commodities more competitive in non-traditional markets). We shall refer to this again when analysing each industry separately, for it is one of the key factors in the present industrial recession.

1.2.1. Causes of the individualism of the small-scale entrepreneur.

Small-scale entrepreneurs are in general self-made men; they have reached their position by showing greater initiative, and often, too, through fortuitous circumstances. They are proud of their achievements, and this accentuates the characteristic Latin tendency to individualism which results in a reticent attitude towards association. They also tend to dominate all sectors of the enterprise; the owner or his relatives manage the production unit and also take care of administration and of marketing. There is a noticeable reluctance to adopt technological improvements. Given that growth implies a more complex administrative apparatus, entrepreneurs often prefer stagnation to losing direct control over their factory. All this leads to inefficient managerial methods.

1.2.2. Envisaged solution.

It will be necessary to point out clearly the disastrous consequences of the lack of association, and to explain what goals can be obtained through it. The preliminary steps to be taken are:

a) The creation of an Association of Entrepreneurs. This will facilitate mutual understanding and will help prevent disloyal competition.

It will enable entrepreneurs to defend their common interests, to draw the attention of the Government towards small-scale industries, to take the necessary steps to ensure that the existing laws for promoting small-scale industries are effectively implemented, and to lobby for suitable legislation and a simplification of export formalities and tax points.

b) The law by which the Institute for Co-operative Development was created grants a certain number of prerogatives to industrial co-operatives. The above type of association is advisable, once the general aims of co-operation are sufficiently understood. Some experiments which are being carried out by the writer allow the results of this type of venture to be viewed with moderate optimism.

c) A number of laws have been promulgated to promote small industries, such as, for instance, the law that created the Salvadorean Institute for Co-operative Development, whose purpose is to promote all forms of co-operative association; the law that created the Guarantee Fund for small industries, the law for the promotion of exports, etc. We shall not attempt to analyse all these laws, but it must be said that they are clear and provide generous support to this type of industry. However, those which deal with financing or credit should stress the importance of entrepreneurial association by granting, for example, preferential credit terms to such associations, thus discouraging the tendency towards individualism.

2. The role of INSAFI in the development of small-scale industries.

Given that INSAFI is the organisation responsible for industrial development it will also be responsible for the implementation of development plans for small-scale industries. It should co-operate with INSAFOCOOP in preparing a plan of action that would allow for sufficient complementarity in their respective activities. The role of INSAFOCOOP would be to promote industrial co-operatives, provide them with legal and administrative advice and control their progress; INSAFI would provide technical assistance and credit to small industries in general, giving preferential treatment to co-operative organisations. The technical assistance provided by INSAFI would also ensure that co-operatives benefit fully from tax exemptions and from the various laws on export promotion.

It must be pointed out that the present situation of small-scale industries is so precarious, and that the consequences of this state of affairs are so serious for El Salvador, that the promotion measures described above cannot be considered over-protective.

On matters concerning the internal organisation of INSAFI our views coincide with those of the UNIDO expert Ing. Eduardo Vega Barón, and we fully endorse his recommendations. It would therefore be superfluous to treat the matter here.

3. Concrete plans for the development of small-scale industries and handicrafts.

3.1.1. Project for improving the catch and marketing techniques of fisheries and industrialising the traditional fishery centres.

A project for transforming the present rudimentary techniques and organisation of artisanal fisheries into an efficient enterprise from which both fishermen and consumers would benefit is included as an annex (2). It can be said briefly that the catch techniques now in use are obsolete, that an excessive number of intermediaries (4) is involved in the marketing process, that the handling of the fish is unhygienic and that markets are only irregularly supplied with the product.

Fishermen's incomes are at subsistence level. Fish consumption in El Salvador is only 2.1 kg per capita p.a. whereas the average in Latin America is 6.5 kg per capita p.a. The reasons for this are the low purchasing power of most of the Salvadorean consumers and the high prices that result from the deficiencies mentioned above.

The implementation of the suggested plan is viable in the medium term; in not more than two years all its stages, including the creation of a National Federation, can be completed.

3.1.2. Work already completed.

a) Visits to Puerto La Unión; meetings with fishermen, informal talks on the subject of Co-operation. The Islands of Meanguera del Golfo, Conchagulta and Zacatillo were also visited. We believe that these communities are sufficiently motivated to initiate the experiment once the plan suggested by the Administrative Council of INSAFI is approved.

b) Puerto El Triunfo.

During the course of two visits to this locality, we succeeded in persuading an existing Guild of artisanal fishermen to designate an interim committee for organising a co-operative. We believe that intensive work is necessary to ensure the success of this experiment.

c) Puerto La Libertad.

We visited the existing co-operative twice, and during the second of these visits, we had informal talks with members of its Administrative Council. We pointed out some errors in the structure of the co-operative and suggested the idea of establishing a National Federation, based on an agreement of which an outline is included as an annex. (1)

d) Puerto de Acajutia.

We had informal talks with the promoters of the co-operative and took note of its needs in order to make a general estimate of the amount of capital that would be necessary to implement the plan in this locality.

e) Visits to supply centres in order to evaluate their needs. These are enumerated in the corresponding annex. (2)

3.1.3. Recommendations.

It should be stressed that fishing is an unexploited resource in El Salvador. The implementation of the suggested plan should not be postponed. Finance, technical assistance, and above all, the co-ordination of the efforts which have been made separately by the Peace Corps, the Ministry of Finance, the Ministry of Agriculture, FAO, INSAFI, and the National Committee for Security and Development (Comisión Nacional de Seguridad y Desarrollo) should all be taken into account in the general planning, which could be based on our suggestions.

3.2.1. Small-scale clothing industries.

There exists a small Guild which sponsored a meeting during which the expert delivered a short lecture on industrial co-operation and the advantages to be obtained through association. It was agreed to initiate co-ordinated work and the expert was asked to outline a preliminary plan to be discussed at the members' meeting. In view of the fact that agreement was not reached on whether a co-operative ought to be organised or not, the expert suggested some amendments to the Guild's by-laws and a short-and-medium term plan of action. In view of the idiosyncracies of the entrepreneurs engaged in this type of industry, short-term results are not to be expected.

These amendments and some recommendations are enclosed as an annex. (6). In addition, it is useful to bear in mind the following points:

- a) The clothing industry is one of the most important sources of employment in El Salvador;
- b) Workshops operate only one shift, which implies underutilisation of capital. On the other hand, demand for the products is low;
- c) Exports are made virtually impossible by an excessive emphasis for profit margins. In order to clarify this we will make a general analysis of the situation, based on a study of official sources and on visits to several factories.

3.2.2. Domestic raw materials.

The main supplier of cotton to textile industries sells it at the minimum price in international markets; but these are cash sales, whereas when cotton is sold for export, 6 month's credit is granted. The margin of profits of textile industries is approximately 68%. Not all the products are of good quality.

3.2.3. Imported raw materials.

We requested from the responsible officials some samples of materials and their f.o.b. prices, and checked the prices of distributors; these turned out to be 70% higher.

3.2.4.

In addition, let us examine the cost structure of a small shirt factory, which can be considered representative of the sector.

July - June		
	(value in colones)	%
Nett sales	322.264	100
<hr/>		
Basic Costs		
of which: Raw Materials	194.872	60.47
Labour	24.212	7.51
Running Costs	7.119	2.21
	<hr/>	<hr/>
	226.203	70.19
Gross Profit	<hr/> <hr/>	<hr/> <hr/>
	96.061	29.81
Administrative Expenses	23.405	7.26
Sales	12.569	3.90
	<hr/>	<hr/>
	35.974	11.16
Nett Profit	<hr/> <hr/>	<hr/> <hr/>
	60.086	18.65
<u>Personnel:</u>		
Administration	3	
Workshop	42	
Sales	3	
	<hr/>	
Total	48	
	<hr/>	

We observe from this simple analysis that the relationship between administrative and production costs leaves much to be desired.

A piece-work system is operated which minimises labour costs. Moreover, about 90% of the workers are women and children, a fact that is reflected in the quality of the product. But it is undeniable that the main reason which the product is not competitive in non-traditional markets is the cost of raw materials. It is therefore necessary to insist on the creation of arrangements for the joint buying of raw materials and equipment they require.

3.2.5. Recommendations.

- a) To insist on the promotion of community spirit in general, and to secure the co-operation of the greatest possible number of entrepreneurs in this sector.

- b) To facilitate customs procedures to create tax-bond areas, to simplify administrative procedures and promote credit to associations and development of the Guarantee Fund.
- c) To promote a pilot project for organising clothing industries, rationalising the workshops and making administrative, purchasing and sales methods more efficient.
- d) Once the project is under way, to supply the existing demand for the product (they come mainly from the U.S.A.), this will employ additional labour.

3.3.1. Shoe Industry.

A meeting which was attended by an appreciable number of shoe-factory managers was held in INSAFI. As a result of this meeting, a work plan was outlined, part of which has already been, and part of which is in the process of being, completed.

- a) Visits to four workshops that can be considered representative of small-scale shoe factories. These visits were made with Ing. John P. Allchin, Ing. Eduardo Vega Barón and Lic. José María Vidal, in order to determine whether joint action to achieve rationalisation of activities was feasible.
- b) Joint work with a co-operative to which the expert suggested some modifications in its by-laws, in view of the fact that it was a productive society. The expert advised the co-operative on this matter, and assisted it in obtaining recognition as productive society at INSAFI COOP and the Ministry of Finance. From now on this co-operative will market the products of its members and will also manufacture part of the final product in order to rationalise its workshops.
- c) Pilot experiment in a workers' co-operative.

With the approval of the proprietor of the workshop and in order to throw off the yoke of the "financial expert" who more or less managed it, it was decided (with the approval, also, of the head of INSAFI's Promotion Department) to convert into a co-operative a shoe-manufacturing workshop that employs 36 workers. INSAFI will support this venture by means of a special loan of 80,000 colones. The workshop will function as a workers' productive co-operative and would be the first of its kind in El Salvador. The necessary guarantee would be provided by the special Fund that has recently been created. Special attention should be devoted to this experiment, for organisations of this kind could help to some extent in providing a solution to the problem of unemployment in El Salvador.

The experiment is at present in its initial stages. The benefits to be expected are:

- 3.3.2.a) Rationalisation of production: when the product is individually marketed the various distributors require a great number of different lasts, a fact that raises costs and creates difficulties when organising production.
- 3.3.3.b) Raw materials are supplied by a small number of importers who, as in the case of the clothing industry, obtain large profits in the marketing process, thus making export-oriented production very expensive.

However, it must be stressed that if quality is improved it will be possible to seek new markets; prices, in spite of the factors mentioned above, are competitive when compared with those in countries where the cost of labour is higher.

3.3.4. Recommendations

They have already been suggested in the course of the analysis. They are, briefly:

- a) To promote the creation of a Chamber of small-scale shoe manufacturers.
- b) To increase the efficiency of the already existing co-operative so that it will be able to operate as a secondary organisation for purchasing and marketing the products of workers' productive co-operatives.
- c) To carry out a study of markets, and to investigate the possibility of purchasing directly from abroad the necessary raw materials and equipment, making use of the provisions included in the laws for the promotion of industry. We include below an analysis of the costs structure of a small workshop that produces weekly 182 pairs of shoes for children in three different models and employs 14 workers

3.3.5. Structure of costs.

	value in colones per pair	%
Production cost	5.52	100
of which: raw materials	3.42	61
labour	2.10	38.1
of which: skilled workers	1.40	25.4
half-skilled workers	0.70	12.7
Sale price	6.50	11.7
Profit	0.98	16.8

The relationship between the cost of raw materials and the cost of labour is reasonable, but if we take into account the average output per worker and the cost of labour, and carry out the relevant calculations we reach the conclusion that the average monthly salary is approximately 109 colones, which is fairly low. We must insist on the need for rationalising production and on the fact that only support from a secondary organisation can save both the Salvadorean worker and the small-scale entrepreneur.

3.4.1. Furniture Industry.

In order to comply with point 5 of INSAFI's yearly plan, which calls for "contributing to the development of small-scale industries and handicrafts by facilitating the marketing of their products and providing

the necessary technical and financial assistance", the entrepreneurs in the wood industry sector were asked to attend a meeting at the Society of Salvadorean Traders and Industrialists during which the following points were discussed:

- a) Present situation of the wood and furniture industry in El Salvador;
- b) Joint purchasing and marketing;
- c) Aspects of industrial rationalisation;
- d) Credit facilities granted to wood and furniture industries by the Guaranteed Fund for small-scale industries.

During the meeting it was decided to convene another meeting for the purpose of creating a co-operative of furniture manufacturers. The expert was asked to collaborate by giving technical advice on its organisation. The preparatory work for this second meeting has involved;

3.4.2 Visits to several furniture workshops.

During the course of visits to several furniture workshops, the following facts were observed:

- a) The same type of equipment is to be found in each of these workshops but it does not function at its full capacity in any of them. This is due to the absence of an organisation that would regulate and supervise credit, the present system fosters individualism and thus much needed capital is wasted.
- b) The absence of an Association makes it impossible to purchase the furnaces for processing the wood; this means that the requirements for export-oriented production are not met, which is to be regretted as the Salvadorean carpenters are highly skilled and there exists a great potential market for the product in countries outside the Central American Common Market, especially in the U.S.A. An Association would make the purchase of these furnaces financially viable; this is one of the main objectives of the co-operative that is being formed.

The characteristics of this type of enterprise are common to all small-scale industries in El Salvador: the owner supervises all activities directly, and the enterprise loses momentum through lack of capital, of credit and of efficient personnel. Skilled workers are now scarce in this sector; this is due mainly to the lack of training centres. And because profits are in general high, the entrepreneurs are not sufficiently motivated to expand their workshop.

3.4.3. Recommendations.

- a) To channel credit through Associations.
- b) To secure preferential credit terms for co-operatives.

c) To continue the task of convincing the small-scale furniture entrepreneur of the advantages of joining an association, it is hoped that in some time, provided the necessary support is given, it will be possible to obtain concrete results.

4. A brief summary of the laws for the promotion of industry in El Salvador.

Comments.

4.1.1. Law regulating commercial and industrial activities.

Its purpose is to specify under what conditions foreigners are allowed to exercise commercial and industrial activities in El Salvador, and also to promote small-scale commercial and industrial ventures.

4.1.2. Comments.

It is generally believed that its implementation should be carried out in a more flexible and pragmatic way, and that it should be complemented by the creation of a sub-contracting exchange. Legislation should encourage prompt action. In general, it can be said that the main objectives of this law are sound.

4.2.2. Law for the promotion of exports.

Its objectives is to provide export incentives to already functioning enterprises; these incentives are provided mainly for exports to areas outside Central America.

4.2.2. Comments.

This law should be complemented by provisions for expediting customs formalities and for eliminating those factors which raise the cost of non-traditional products.

4.3.1. Law for the promotion of industry (amended).

Its objective is to support those enterprises that make use of efficient industrial techniques and which:

- a) Transform raw materials.
- b) Process agricultural, apicultural and fishery products, and fowl.
- c) Set up and / or assemble units, sub-units and / or parts; these industries are included in a plan for industrial integration.
- d) The law also extends to ship-building enterprises.

3.4.2. Comments.

Given the need for new jobs that exist in El Salvador, this law is vitally important; however, it should be complemented by promotion and assistance activities which, although more limited in scope, would effectively create new job opportunities.

The implementation of the law is often obstructed by the bureaucratic apparatus. We believe that an inter-departmental committee should be appointed to co-ordinate and regulate the implementation of legislation on these matters.

4.4.1. Law creating the Guarantee Fund.

Its objective is to give access to credit to small-scale entrepreneurs.

4.4.2. Comments.

The Fund has only recently been created. Given the level of resources of those entrepreneurs that are beginning to make use of the services it provides, it would be advisable to simplify the procedures. The structure of the Fund should be simple in order to avoid excessive costs; and flexible enough to provide solutions to the problems of small-scale entrepreneurs instead of burdening them with an additional one.

5. Exposition of the principles of co-operation.

The expert was requested to deliver a lecture at the Salvadorean Federation of Small-scale Industries. Among other things, possibilities offered by the Guarantee Fund were explained.

5.1. Lectures at the Ricaldone Institute.

By request of the Director of the Institute, two lectures were delivered to graduates of this Institute. The subjects treated were:

- a) History of the co-operative movement.
- b) The goals of co-operation.
- c) Different approaches to co-operation, and different types of co-operatives.
- d) What is an industrial co-operative? What are its objectives?
- e) How to organise a workers' productive society.
- f) Some samples of industrial co-operatives.
- g) How the graduates from the Ricaldone Institute could organise an industrial co-operative.
- h) Financing methods, market research, capital formation.
- i) Legal, administrative and technical organisation of an industrial co-operative.

5.2. Lecture at the Central American Technological Institute.

A lecture on the subjects enumerated above was delivered at the Central American Technological Institute.

In addition, a lecture will be delivered at the Institute for Social Work (Instituto de Trabajo Social) on the subject of co-operation as an instrument for community development.

5.3. Collaboration with the Foundation for Development and Low-cost Housing.

A department on INSAFI has asked us to co-operate with this organisation whose aim is to promote development in deprived areas. Its members have been working on mutual aid projects and this experience makes them receptive to the idea of co-operation.

The objective is that artisans should organise small workshops, based on the principle of solidarity and correctly organised from the start. A plan for an Assembly of residents committees is included in an annex (9).

6. Co-operative of Ilobasco.

The new by-laws, drafted by the expert in collaboration with INSAFI@COOP are the first by-laws for a handicraft co-operative in El Salvador. They were approved by the members of the co-operative, and work has already begun. We are waiting, though, for the completion of the infrastructure works initiated by INSAFI which are part of an ambitious project for providing new jobs in the production of artisanal pottery. The above mentioned by-laws are included as an annex.(7).

Conclusions.

Given the present circumstances, small-scale industries can play a very important role in the Salvadorean economy by increasing non-traditional exports and by accelerating import substitution. The support given to facilitate their growth, the incentive given to associations by the corresponding organisations through the channels that have already been mentioned, will set up the framework for their development. It is necessary to draw attention to the problem of motivation in order to avoid repeating past mistakes, the consequences of which are still noticeable. The work initiated by the expert is too extensive to be completed in the foreseen period; it is therefore necessary, as we pointed out in our first report, that the required staff have to be trained, and to concentrate the efforts on a few pilot projects, on which a team of international experts would carry out experimental work.

Finally, we recommend a simplification of the methods by which the laws for the promotion of industry are implemented, and a better co-ordination between the organisations responsible for their implementation, in order to avoid confusion between the means and the ends.

Juan José Sanchez.

REPORT ON THE VISIT TO THE TOWN OF LA UNIÓN AND THE ISLANDS MEANGUERA
AND ZACATILLO

From: Juan José Sánchez

To : Ing. Carlos Alonso Campos

Participants: A botanist and two of his assistants, a civil engineer, an agricultural engineer.

Interim analysis of the communities:

1. La Unión

The great majority of the population is composed of fishermen who use very rudimentary techniques and sell their produce individually to local retailers. Prices on the market are high due to the number of middlemen involved (in fact, there is a threefold increase in prices by the time the fish reaches the consumer).

Attempts were made to form an association but this initiative met with no success, mainly because of the lack of technical assistance and of community spirit.

The standard of living is very low; incomes are virtually at subsistence level.

2. Island of Meanguera del Golfo

Population: 1940; there is a Town Hall, a Health Centre and a school (three teachers). It is ethnically homogeneous community that has its natural leaders and has not suffered from unsuccessful experiments in community work.

The fishing and distribution techniques are primitive and disorganised. This is due mainly to a vicious economic circle that has prevented an effective development; there has thus been no modernisation of the island's infrastructure nor of transport methods, and no search for a more rational marketing system; a refrigeration plant does not exist, and inadequate nets are still being used.

3. Island of Zacatillo

We only carried out an informal survey of the island: several officials from the Ministry of Labour were at the moment there and we did not want to interfere with their activities. The population clearly wishes to see things change.

From a technical point of view:

a) Fishing techniques should be improved in order to reduce costs.

Some of the more immediate needs are:

1. Outboard engines for the boats.
2. More adequate nets.
3. A freight launch to serve the islands on the Golfo de Fonseca.
4. Modern fishing appliances.
5. Greater port facilities.

From a commercial point of view:

- a) Launch an extensive publicity campaign in newspapers, radio and television, presenting, for instance, a comparative price chart of foods that contain proteins. This could increase demand for fish.
- b) Costs should be cut down by leaving out middlemen and accelerating transport. When this is achieved the low per capita fish consumption in the country (2.2 kg. p.a.) will tend to equal the Latin American average (6.5 p.c. p.a.).
- c) Hygienic conditions should be improved and packages should be made more attractive.
- d) A rise in demand will make it necessary to stabilise production. Fishermen should consider their trade as a stable and not a sporadic occupation (as is frequently the case) in order to maintain a constant level of output.

From an industrial point of view:

- a) It is advisable (for economic and for hygienic reasons) that the industrial processes be the responsibility of the 2nd degree co-operative already mentioned.
- b) It is also necessary to study the possibility of refrigerating and freezing the fish both in the fishing and in the marketing centres, and of using polythene bags for vacuum packing.

Transport:

- a) It is necessary to make a study of adequate distribution networks. If marketing is made through a 2nd degree co-operative this will be easier, and competition between co-operatives will be avoided.
- b) Transport must be rapid and hygienic; even for short distances refrigerated vans should be preferred.

M E M O R A N D U M

From: The expert on industrial co-operatives
To : Ing. Carlos Alonso Campos
Re : Basis for a fishery co-operative plan (complementary report) or
Statistical data was provided by the Fisheries Section of the Ministry
of Finance.

Fishery co-operative of La Libertad

A visit was made to the "Cooperativa pesquera La Libertad" in order to analyse the positive aspects of the experiment and adapt them, if possible, to a similar venture in the Golfo de Fonseca.

These positive aspects are:

- a) Fishing techniques have been considerably improved thanks to the advice and supervision of Peace Corps experts;
- b) A certain form of association has evolved, again thanks to the efforts of a Peace Corps volunteer;
- c) More efficient marketing techniques have caused the fishermen's earnings to rise perceptibly.

But some negative aspects could also be observed:

- a) There exists no co-operative spirit in the true sense of the word. For example, fishermen sell their produce to third parties when offered a better price;
- b) Most of the fishermen's work tools are their own property and not the co-operative's; this accentuates the fisherman's tendency to individualism;
- c) The conditions in which the fish is handled are far from hygienic; this diminishes the sales;
- d) There exists no real interest in the co-operative: its commercial and technical operations are handled entirely by the co-operative's employees.

Recommendations:

- a) Members should exercise a more direct control over their co-operative's activities. Plans and programmes should be formulated by the Administrative Board and carried out by the management.
- b) Members should also study the principles of co-operation, its social and economic rôle, the individual and collective advantages it can provide and the measures which would ensure its success.

CONCLUSIONS AND RECOMMENDATIONS:

It is obvious that rational use of the natural resources of the area will not only increase the earnings of the population but will also provide other communities in El Salvador with a greater variety of fishery produce at lower prices.

We therefore recommend:

1. To carry out market research for the produce of the three localities;
2. To secure the collaboration of the experts on fisheries from the Peace Corps who are at present working in El Salvador, in order to improve the techniques used;
3. To finance a pilot project according to the following outline:
 - a) Establishment of a fishery co-operative society in Meanguera del Golfo with the administrative and juridical assistance of the expert on industrial co-operatives from UNIDO, the technical assistance of the Peace Corps and assistance in market research etc. provided by INSAFI experts;
 - b) According to the positive results of this experiment, establishment of similar basic co-operatives in La Unión and Zacatillo.
 - c) These co-operatives would be integrated in a 2nd degree co-operative which would eventually join a federation; collective marketing and the construction of a refrigeration plant in La Unión would make industrialisation possible.

PRELIMINARY OUTLINE OF THE ORGANISATION OF CO-OPERATIVE FISHERIES

Co-operative Puerto La Unión
(Basic Co-operative of the
Eastern Region).

Zacatillo
Meanguera del Golfo
Tamarindo

Co-operative Puerto El Triunfo
(Basic Co-operative of Puerto
El Triunfo).

Cantón de la Zorra
Bahia de Jiquilisco
Isla de la Pita

Co-operative Puerto La Libertad.

Co-operative Puerto de Acajutla
(Basic Co-operative of the
Western Region).

Barra de Santiago
Los Cábanos
Cara Sucia

San Salvador

Federation of basic co-operatives

This outline should of course be discussed by experts in the different branches. Once agreement on the general structure is reached it will be possible to take the following course of action:

- a) Obtain the collaboration of Peace Corps volunteers working at present in the "Co-operativa pesquera La Libertad", as well as that of other experts.
- b) The Institute for Co-operative Development (Instituto de Fomento Cooperativo) and the Ministry of Finance (who are responsible for the development programmes for co-operatives and for fisheries, respectively) will also provide experts. Their work should start by selecting and training leaders in the communities and by making the people understand clearly the objectives of the project, the means to attain them and the respective tasks of the groups or individuals involved. It is also necessary to stress the point that the project is part of a development plan and not of a social aid programme.
- c) These experts will introduce the basic ideas of co-operation thus: the Peace Corps will be in charge of the regions of Tamarindo, Acajutla and La Libertad; the Institute for Co-operative Development will be in charge of Zacatillo and Meanguera del Golfo; La Unión will be the responsibility of the experts from the Ministry of Finance. INSAFI will collaborate with the work of the expert on industrial co-operatives and will study the possibilities available for the financing of the project.

The basic co-operatives will be managed by an Administrative Board formed by representatives of the affiliated organisations.

Basic Co-operative of La Unión:

Affiliated organisations: Island of Zacatillo, Meanguera del Golfo, Tamarindo, La Unión.

The Administrative Boards of the affiliated organisations will be composed of 5 members (s substitutes). They will have a President, a Vice-president, a Secretary and a Treasurer; the functions of each will be specified in the by-laws. Each affiliated organisation will have representatives in the Administrative Board of the basic co-operative; their number will be proportional to the number of members, thus:

La Unión	: 2 representatives
Tamarindo	: 1 representative
Zacatillo	: 2 representatives
Meanguera	: 1 representative
del Golfo	(*)

A President, a Vice-president, a Secretary and a Treasurer will be elected, as also 6 substitutes.

In both the affiliated organisations and the basic co-operatives there will function Control Boards which, in the affiliated organisations, will be composed of 3 members and their substitutes, and in the basic co-operative of one representative of each affiliated organisation.

Basic Co-operative of Puerto el Triunfo:

Affiliated organisations: Bahía de Jiquilisco, Cantón de la Zorra, Isla de la Pita.

The Administrative Boards and the Control Boards will be organised in the same way as in the basic co-operative of La Unión and its affiliated organisations. Bahía de Jiquilisco will have 3 representatives in the Administrative Board of the basic co-operative. Cantón de la Zorra will have 2 and Isla de la Pita 1. (**)

The basic co-operative of La Libertad is already functioning.

Basic Co-operative of Acajutla:

Affiliated organisations: Barra de Santiago, Dpto. de Acajutla, Los Cóbano, Cara Sucia.

The Administrative Boards and the Control Boards will be organised in the same way as in the basic co-operative of La Unión and its affiliated organisations. Barra de Santiago will have 2 representatives in the Administrative Board of the basic co-operative, and the rest of the affiliated organisations will have one. (***)

(*) There are 137 boats in the La Unión region, 80 in Tamarindo, 159 in Zacatillo and 90 in Meanguera del Golfo.

(**) There are 250 boats in Jiquilisco, 134 in Cantón de la Zorra and 47 in Isla de la Pita.

(***) There are 72 boats in Barra de Santiago, 48 in Dpto. de Acajutla, 13 in Los Cóbano and 21 in Cara Sucia.

Operational Organisation:

In each of the organisation an employee will be responsible for classifying and weighing the catch. The number of staff in each of the co-operatives and other administrative matters will depend on its size. The organisations will operate according to the following general outline:

- a) Deliveries made by members, affiliated organisations or basic co-operatives will be carefully regulated.
- b) Administrative costs will be shared proportionally according to the weight of the catch and its price on the market.
- c) Payment to fishermen will depend not only on the weight of the catch but also on its quality.
- d) A register of all deliveries bearing the signature of the responsible employee will be kept; this will be the probatory document in any dispute that might arise.
- e) Administrative costs will be slightly raised as a precautionary measure. Part of the annual surplus will constitute the dividends and the rest will be distributed in proportion to the use made of the services provided by the co-operative.
- f) Fishermen will deliver their daily catch to their local co-operative, which in turn will deliver it to the basic co-operative of the region. In both these centres the weight of the catch will be entered in a register which will be signed by the fisherman and the person in charge of taking deliveries.

The basic co-operative will distribute the fish according to its weight and quality to the markets offering the highest prices. Marketing (either on a wholesale or a retail basis) will be centralised: this will cut down the number of middlemen involved and will guarantee better hygienic conditions during distribution. A 2nd degree organisation will be responsible for marketing, as also for accelerating industrialisation and for financing and export procedures. Its needs and growth will determine its administrative structure; added costs resulting from superfluous bureaucracy are to be avoided.

This memorandum is merely the draft of a plan for organising the existing small-scale fisheries. Its objective is to provide a basis for co-ordinating the work that is being carried out by the Ministry of Finance, JNSAFI, the Peace Corps and the Institute for Co-operative Development. Discussion at every level and effective team work will convince the fishermen of the necessity of co-operation; and the communities will not be disoriented and discouraged by a variety of un-coordinated projects that produce few concrete results.

CO-OPERATIVE OF ACAJUTLA

- a) The community has its leaders and is favourably disposed towards group action.
- b) Fishermen have already decided to form an association.
- c) The catch is reasonably good.
- d) It is an ideal fishery centre for the western coast.
- e) The cost of improving the existing wharf would not be excessive.
- f) The fishermen are aware of the benefits to be obtained by means of secondary organisation. The community is well organised and has already done some group work, such as building the hall in which meetings are held, some work on the wharf, etc.
- g) There is an excellent market for fresh fish in the town and the district of Sonsonate and in Acajutla itself, which is the country's most important port.

Immediate needs:

1. A cold room of 4x5x3 metres for storing the fish. This would improve hygienic conditions and would enable fishermen to cope successfully with fluctuations in demand.
2. A refrigerated trailer that would be coupled to a vehicle which would be provided by the regional fishery project.
3. Financing of a one-month publicity campaign to promote sales of fresh fish in the Sonsonate district.
4. Technical assistance for marketing and industrialisation of production. It could be provided by the Peace Corps, some of whose members are experts on fisheries and by FAO, who has already made studies on the matter.
5. Eventually and in order to strengthen the co-operative, the purchase of four 16-foot boats with engines of 6HP should be financed. These boats would be the property of the co-operative.

CO-OPERATIVE OF EL TRIUNFO

- a) Until now its leaders have not been members of the community but members of the staff of the Ministry of Labour and an official from the Ministry of Finance who voluntarily gives technical advice to the co-operative on Saturday afternoons.
- b) They are fully aware of the need for an Association and have already formed a "group of fishermen of Puerto El Triunfo". At its most recent meeting the group decided to establish a co-operative.
- c) In spite of the rudimentary techniques which are being used the catch is often excellent. The Association will undoubtedly be successful.
- d) There is a good market for the product in the Usulután district.
- e) There exists no port infrastructure. This problem could in principle be solved by means of the collaboration of the shrimp industries.
- f) The fishermen have grasped the principle of a secondary organisation. This matter was fully discussed in the course of two consecutive meetings.

Immediate needs:

1. A cold room of 4x5x3 metres, needed for the same reasons that were pointed out in the case of the Co-operative of Acajutla.
2. A vehicle to which a refrigerated trailer could be coupled.
3. Financing of a promotion campaign in the Usulután district.
4. Technical assistance for marketing and industrialising production.
5. Four 16-foot boats with engines of 6HP.

Comments

It must be kept in mind, particularly in the case of these two co-operatives, that a greater rationalisation is to be sought in fishery areas. It is also useful to consider the goals: lowering the price of food-stuffs with high protein content, improving the hygienic conditions during the marketing

process, creating new work opportunities and developing small-scale industries which will gradually replace artisan crafts.

CO-OPERATIVE OF LA LIBERTAD

- a) It is already functioning successfully. It is advisable to reconsider the rejection of its request for a loan; the facts have shown clearly that if credit had been granted the growth of the co-operative would have been far more rapid.
- b) Several shortcomings can be observed in the storage methods and in the conditions in which the product is transported; it is necessary to stress the fact that strict hygiene is necessary if sales are to be increased.

Juan José SÁNCHEZ

MEMORANDUM

To: The permanent member of the Committee for Security and Development - Northern Zone.

From: Juan José Sánchez.

Re: Preliminary plan for a Congress of Artisanal Fishermen

Purpose

Analysis of the present situation of the Salvadorean artisanal fishermen, of ways to combat poverty, of methods for improving the catch and the marketing techniques and of industrialisation and financing problems.

Date

To be fixed as soon as possible.

Sponsoring body

The National Committee for Security and Development for the Northern Zone.

Co-sponsoring bodies

The Salvadorean Institute for Co-operative Development, the Ministry of Finance, INSAFI and the Agency for Rural Welfare (ABC).

Honorary President of the Congress

The Chairman of the National Committee for Security and Development for the Northern Zone.

Executive Co-ordinator

René Hernández Escobar (Promoter of Co-operatives at the Finance Ministry).

Locality

(A suitable location keeping in mind the practical considerations).

Delegates from the Associations of fishermen and observers from the various Government departments will attend the Congress.

Delegates

They will discuss the papers previously submitted to the corresponding committees. They shall have the duty to elect the platform of the Congress and the right to be elected to it.

Observers

They will chair the committees and will have a voice but no vote.

Committees

They shall discuss the following subjects:

- a) Co-operative education and administration.
- b) Fishery methods.
- c) Marketing.
- d) Economy and Transport.
- e) Financing.

Committee for Administration

It shall outline a general plan for co-operative education and discuss the possibility of adopting the same method in all the co-operatives. This method must be simple and clear so that control will be easy, but must also be adjusted to the traditional norms and flexible enough to suit changing circumstances. The chairman of this Committee must be an expert in accounting and administration.

Committee for Fishery Methods

Its members shall exchange views on the experiments that have been carried out by various organisations, discuss the viability of adopting new methods and more modern techniques, and study which boats would be more adequate, which motors are most efficient, their power and cost, as also the different types of fish hooks, nets and other equipment, port infrastructure, hoisting methods, ways of increasing the catch etc.

Committee for Marketing

It shall make an analysis of the present marketing system, of the possibilities for storing surpluses and organise an exchange of products between the different zones, it shall determine the areas in which the product can be marketed, the sales methods, and shall consider the hygiene measures to be taken, the packaging of the product, the fields of action of each co-operative etc.

Economy and Transport Committee

It shall discuss a policy for overall rationalisation, the protective measures for artisan crafts, and a plan to enable the co-operatives to obtain the full implementation of the laws for the promotion of industry and handicrafts. It shall also discuss transport methods, the possibility of co-operation in the marketing of the products of the islands of the Golfo de Fonseca through the utilisation of more economical transport methods as a preliminary step towards the formation of a Federation.

Committee for Financing

It shall study and analyse the law for the promotion of small-scale industries and handicrafts, the law creating the Guarantee Fund and its regulations, and the financing possibilities available either in El Salvador or abroad.

Once the locality in which the Congress is to be held is determined, Mr. René Hernández Escobar will be requested to organise it with the help of social workers and of members of the co-operatives. The course of action would be:

- a) To obtain transport facilities for ten delegates from each of the four basic co-operatives that are to be created.
- b) It is suggested that the Congress be held during a week end.
- c) The order of events could be:
 1. Plenary Session.
 2. Meetings of the Committees in order to analyse the papers submitted and formulate recommendations.
 3. Plenary Session to discuss these recommendations.
 4. Closing Session.
- d) To obtain a preliminary estimate of the costs and of the funds available for covering the expenses of the delegates.

This plan should be submitted to Committee for Security and Development; if it is approved, the Chairman of the Committee will request the collaboration of Mr. René Hernández Escobar.

Juan José Sánchez.

MEMORANDUM

To : Head of the Industrial Services Department of INSAFI
From : Juan José Sánchez
Re : Plan for the improvement of fisheries in El Salvador
Date : 24th September 1971

In accordance with the instructions I have received I have collaborated in outlining a general plan for the improvement of fisheries in El Salvador. The stages leading to the full implementation of the plan are similar to experiments which have been carried out, usually in a successful way, in comparable circumstances. The writer's opinion on the subject can be summarized as follows:

- a) The communities are sufficiently motivated to undertake the venture.
- b) The plan which has been suggested aims at modifying the techniques used in traditional fisheries; I therefore believe that INSAFI's regulations will allow credit to be granted to the experiment, for it can be considered as a nontraditional fishery.
- c) The efforts that have already been made in view of achieving industrialization as a final stage require prompt support if the "image" of the experiment is to be maintained; I therefore request to be informed through the corresponding channel of the possibilities of obtaining a loan, in order to collaborate when the application for it is put forward.

Once these requirements are met a list of the immediate needs would be put forward; the Guarantee Fund could provide the means to satisfy such needs.

I consider it useful to recall that one of the objectives of the Five-year Plan is (as stated in page 26) "the utilization of fishery resources".

Yours sincerely,

Juan José Sánchez

MEMORANDUM

To : President of INSAFI
From : Juan José Sánchez - Expert in industrial co-operatives
Re : Visit to the San Miguel factory
Date : 1st September 1971

According to contract clauses I visited the State-owned textiles factory of San Miguel on my way to the Golfo de Fonseca. I am obviously unable at this stage to point out all the existing problems and deficiencies. However, given that we are collaborating with INSAFI in its efforts to rationalise this factory, I consider it my duty to make the following observations:

- a) The factory's technical improvement would not necessarily follow from the solution of problems fairly common to the market economy countries. In fact, it is difficult for a State-owned factory to produce competitive goods, especially in the textiles field, where technology advances day by day and where the incentive of higher profits is essential to the production of new designs.
- b) Given the important sociological role played by the factory in the town of San Miguel, there exists only two ways of putting an end to an obsolete organisation without diminishing the factory's socio-economic importance, and avoiding labour conflicts.
 1. To sell the factory by public auction. But this implies the risk of workers' opposition.
 2. To turn the factory into a workers' co-operative. This would be difficult, in view of the lack of experience in this kind of venture. However, we believe that if leaders, managers and workers are adequately trained, this might be the way of getting the factory out of its present rut.

I have good reasons to believe this. In November 1952, 426 workers, technicians and executives from three textiles factories in Argentina that were closed down because of deficit decided to establish the Textile Industries Co-operative. In order to set it going they used the companies' assets and the discharge indemnifications provided by the firms, and did $\frac{1}{2}$ hour extra work a day without pay. At present, their volume of sales is the second in Argentina, after Sudatex. The factory possesses modern and efficient machinery, and an administrative and commercial organisation that can be considered a model in its kind.

The success of this experiment in Argentina does not imply that a similar one would be the ideal solution in the case of the San Miguel factory. However, I thought it useful, given the present El Salvadorean economic and social policies, to mention it as an example.

I am at your disposal if you should consider it useful to discuss the matter further.

Yours sincerely,

Juan José Sánchez

PROPOSED REGULATIONS TO THE STATUTES OF THE NATIONAL CHAMBER OF
CLOTHING INDUSTRIES

Art 1 In order to achieve the ends specified in Art. 1 of the Statutes the following organs, whose respective functions are defined in each case, will be created:

1. An Industry Committee composed of three permanent members whose functions will be:
 - a) To advise the executive organ and the Board of Directors on the operations of the made-up clothing industry that can be carried out voluntarily by members in order to lower costs, rationalise production and improve the quality and the finish of the articles by means of greater specialisation.
 - b) To advise the executive organ and the Board of Directors on the measures to be taken in order to gradually make the investments in machinery and equipment that are necessary for organising a made-up clothing industry.
2. A Marketing Committee composed of three members whose functions will be to advise the executive organ and the Board of Directors on the following matters:
 - a) Purchasing methods, suppliers, administrative framework for joint purchasing, analysis of the distribution of purchases, ways of obtaining raw materials of better quality.
 - b) Competing industries (their methods and marketing system), analysis of the domestic market and of the possibilities of expanding it, analysis of non-traditional markets, their magnitude and the implications of entering them.
 - c) Joint marketing: analysis of its advantages and disadvantages, and ways of benefiting from the former and eliminating the latter.
3. An Executive Manager whose functions will be:
 - a) To implement the resolutions and the general production and marketing policies adopted by the Board of Directors.
 - b) To submit to the Board of Directors a budget, an organisation chart and a delineation of functions in accordance with the general policies and the magnitude of the enterprises; they should ensure an efficient functioning of the enterprise and avoid any superfluous staff or expenditure. The Executive Manager shall be appointed by the Board of Directors and his appointment must be ratified at an extraordinary meeting of the assembly.

- c) The Executive Manager will be responsible for administration, will be in charge of personnel and will report on all his activities to the Board of Directors.
4. A Committee for Quality.
- a) It shall act as arbitrator when a garment or part of it is rejected by the executive organs, and will fix the quality standards. Appeal of its decision can only be made to the Board of Directors, whose dictates must then be observed by members.
 - b) The Committee will be composed of three members who cannot be at the same time members of the Board of Directors.

The Board of Directors.

In addition to the functions assigned to it in Art. 19, 20, 21, 22, 23, 24 of the Statutes, the Board of Directors shall have the following functions:

- a) To appoint the Executive Manager.
- b) To approve or reject the plans submitted by the management and the suggestions made by the Advisory Committees.
- c) To accept or reject the appeals made on decisions of the Committee for Quality.

PRELIMINARY PLAN FOR A MADE-UP CLOTHING INDUSTRY

1. The working assets of the potential members should be evaluated. To this end a questionnaire has been sent to the members of the National Chamber of Clothing Industries.
 2. The present market conditions justify immediate action to establish a made-up clothing industry; this would also be facilitated by the laws that promote efforts of this type, such as the law on exports, the law creating the Guarantee Fund, the law for the protection of small-scale industries, and by appropriate credit concessions, technical assistance, the creation of tax-bond areas etc.
2. The following points should be examined:
- a) Is it necessary to establish a made-up clothing industry, or not?
 - b) The resources available for this venture.
 - c) The structure of the enterprise, were it to be established.

- d) The types of articles to be manufactured, and the envisaged volume and quality of output.
 - e) The credit sources to be used for obtaining capital, for investment in plants, inputs and equipment, and for future expansion.
 - f) The most adequate area for the establishment of the industry. The locality should be of easy access and possess a good transport network; it should not be very removed from the ports of entry so that customs procedures and transport are not unduly complicated, and should be able to supply abundant labour.
3. A request for preferential prices for domestic raw materials and for licence to import raw materials directly, as a co-operative organisation, should be made to the Ministry of Finance.

SOME COMMENTS ON SMALL-SCALE INDUSTRIES IN EL SALVADOR

At present, the share of the agricultural, commercial and industrial sectors in El Salvador's GDP is 70%; the share of the industrial sector is approximately 20%. Small-scale industries absorb $\frac{2}{3}$ of the labour force engaged in manufacturing; given that labour is a key factor in the socio-economic framework of El Salvador, it is superfluous to stress the importance of governmental support to small-scale entrepreneurs, a support that should manifest itself by means of measures designed to aid their enterprises, but which at the same time should aim at promoting and backing their efforts to become self-supporting.

We believe that these measures should be limited to tax exemptions, credit concessions and technical assistance. We also consider it necessary to form associations of small-scale entrepreneurs which would not be merely groups of members of the same trade but organisations that would enable entrepreneurs to achieve greater rationalisation of their economic activities. Such associations would also facilitate the growth of production, and Government agencies should promote them by giving them preferential treatment.

Efficient large-scale production lowers production costs. It is necessary to insist on the importance of a larger market for enterprises - and therefore for the country as a whole - even if a larger market implies lowering the profit margins in order to achieve competitive prices either at home or abroad. The marketing possibilities for El Salvador's manufactures are well known to small-scale entrepreneurs, but these possibilities are not being exploited, in spite of some favourable factors in production costs: labour costs are, in percentage terms, far lower than the average in industrialised countries. It is therefore clear that what is required in order to be competitive is an improvement in work methods and, above all, the procurement of raw materials of good quality at lower prices.

In order to improve the present situation and develop small-scale industries, the following course of action is recommended:

- a) **Economic rationalisation;**
- b) **Joint purchasing;**
- c) **Joint marketing.**

Policies for the immediate future:

- a) **Rationalisation of small-scale industries;**
- b) **Search for new markets.**

Steps to be taken:

- a) **To persuade small-scale entrepreneurs of the need for association and for efficient production;**
- b) **To simplify tax procedures.**

Course of action:

- a) To form associations of small-scale entrepreneurs in the various sectors; these could be either Guilds or Mutual Societies.
- b) To secure the benefits granted by present policies for the promotion of small-scale industries (support is given especially to labour-intensive manufacturing enterprises).
- c) To establish contact with the Embassies of those countries with a potential market for Salvadorean products in order to promote exhibitions abroad of Salvadorean manufactures and handicrafts.

Finally, it is useful to make some comments on cooperative organisations in general. Some cooperative enterprises have met with failure in several countries. There is a tendency to attribute this failure to the cooperative structure itself rather than to mistakes of the leaders or the group's lack of awareness of its responsibilities. The example of Sweden is sufficient to refute criticism (be it intentional or not) of a movement that is developing in all countries of the world. The comparison with Israel, not unlike El Salvador in land area, is however more adequate when attempting to point out that El Salvador can and must continue the task that was initiated by the creation of the Institute for Cooperative Development in order to open the way for a dynamic and vigorous movement that would transform its economy.

Juan José Sánchez

San Salvador, 22nd September 1971

PLAN FOR A CONGRESS OF COMMUNITY ORGANISATIONS

Sponsoring Organisation: The Foundation for Development and Low-cost Housing.

Date: To be fixed within two months.

Objectives: To analyse the situation of the deprived areas of San Salvador and the policies, strategies and courses of action to be followed in order to put into practice plans for mutual cooperation; to study the possibilities of creating new jobs and of making use of artisan know-how to raise the standard of living of marginal communities.

Locality: To be determined later.

Participants: Representatives of the Residents' Committees (already formed or in the process of being formed), preferably those members who have had experience in community work, will participate as delegates.

Representatives of those organisations which promote community activities and community development will participate as observers; social workers and professionals who are interested in this type of experiment can also be invited to attend the meetings.

Comments: The representatives will meet in plenary sessions and in committees. The order of events will be:

- a) Opening session
- b) Plenary session to elect a platform
- c) Meetings of the Committees
- d) Plenary session to formulate recommendations
- e) Closing session and final declaration

- a) Opening Session: A purely formal event during which one of the participants, appointed by the ad hoc Committee designated by the Foundation, will outline the general characteristics of the work to be initiated and the objectives it pursues.
- b) Plenary session to elect a platform: Delegates shall elect a President, a First Vice-President, a Second Vice-President, a Secretary-General and a Secretary. The Secretary-General will then organise the Committees, which will be formed by representatives of the Residents' Committees. Each Residents' Committee should appoint a representative (according to his abilities and preferences) to each of these special Committees.

We suggest the formation of the following committees:

- 1) Committee for studying the possibility of creating a Federation of Residents' Committees.
- 2) Committee for studying sources of employment.

- 3) Committee for the study of markets and of methods.
- 4) Committee for financing.

Each Federation will be requested to submit papers to, or formulate recommendations at, each of these Committees.

Committee for studying the possibility of creating a Federation of Residents' Committees: Its objective will be to establish the basis for the creation of a Federation that would provide the framework for greater complementarity in purchasing, marketing and other operations; the Federation would also improve the organisation of the movement and augment its prestige. The Committee will also outline a preliminary plan in order to achieve four or five definite objectives.

Committee for studying sources of employment: It shall coordinate the various approaches to the problem of creating new jobs, will study those activities that might be developed, such as handicrafts, sub-contracts, commercial and/or industrial associations, and will analyse the possibilities arising from economic activity in the districts. It shall appoint a special permanent committee who will direct the activities of the working groups, and shall also study methods of rationalising work and improving the efficiency of the operations.

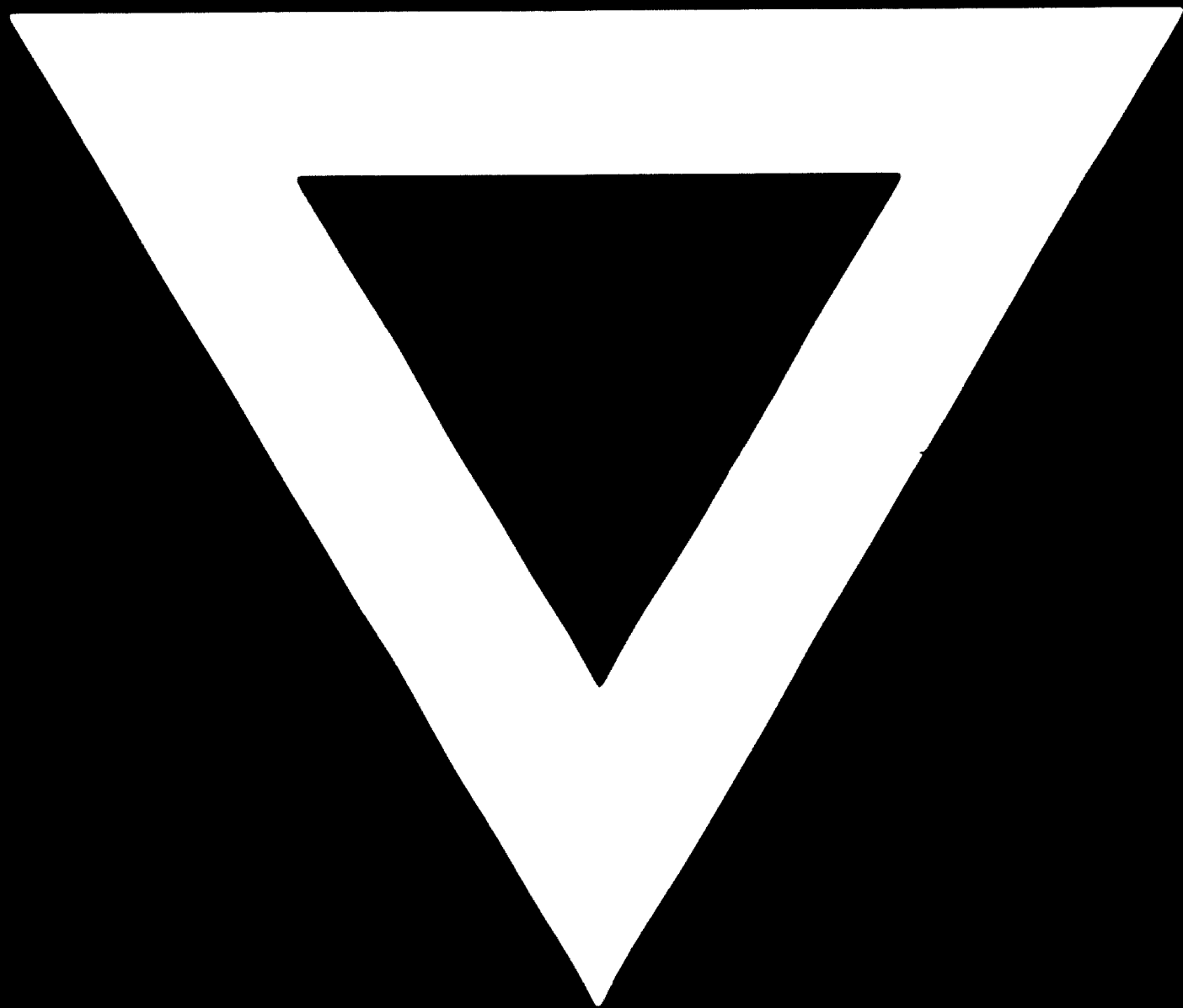
Committee for financing: It shall study the financial sources for the various projects, will select the most adequate of these sources and will analyse the profitability of each project in order to adapt it to the financing possibilities available.

Conclusions: The preparation of the Congress will be entrusted to a Sub-Committee whose functions will be:

- a) To determine the locality, the date and the time-table.
- b) To organise the complementary activities, and to make an estimate of costs and of available funds.
- c) To study the papers that are to be submitted to the Committee, or to prepare them, as the case may be, in order to ensure the success of the Congress.
- d) To promote interest in the Congress, and to encourage the initiatives of the participants.

Juan José Sánchez

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