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Distr.
Limited

ID/WG.249/11
24 June 1977

English

United Nations Industrial Development Organization

Meeting with Non-Governmental Organisations
having Consultative Status with UNIDO
on Co-operation between these Organisations
and UNIDO

Vienna, Austria, 24-25 May 1977

**THE ROLE OF INDUSTRIAL CO-OPERATIVES
IN DEVELOPING COUNTRIES^{1/}**

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id. 77-6001

1. **The Second General Conference of UNIDO held in March 1975 in Lima adopted the Declaration and Plan of Action on Industrial Development and Cooperation.**

The Lima Declaration recommended to devote proper attention to the development of industrial co-operatives as one of the basic forms of small-scale industry in developing countries.

Recognition of the rank of the co-operative movement stems from the important role this movement is playing in the socio-economic development of many countries.

It is worth to be mentioned that representatives of 326 million members of co-operatives from 165 co-operative societies in 65 countries attended the last Congress of the ICA in Paris.

Industrial co-operatives are playing an increasingly important role in the industrialization process of many developing countries, since these co-operatives are able to concentrate scattered funds and use them for the setting up of small and medium-sized industrial enterprises, mobilizing labour so far not utilized.

Industrial co-operatives provide an opportunity to promote balanced rural industrial development and to make possible the utilization of traditional productive abilities of particular population groups.

Within the International Co-operative Alliance, which has consultative status with UNIDO, the industrial co-operatives are represented by the International Committee of Workers' Co-operative Productive and Artisanal Societies, which already for a number of years has been cooperating with UNIDO.

2. But the development of industrial co-operatives encounters a number of difficulties and obstacles in developing countries. To the basic obstacles belong:
 - 2.1. Lack of the creation by the various countries of general conditions for the development of the co-operative movement, such as:
 - an economic policy of the state permitting the development of industrial co-operatives
 - the existence of a proper organization concentrating on the development of the co-operative movement
 - rational and efficient organization of the co-operatives
 - acceptance of uniform legal foundations
 - 2.2. Lack of properly trained personnel
 - 2.3. Difficulties to sell co-operative products, due to insufficient competitiveness, caused by the low organizational level of the production process and insufficient control of quality
 - 2.4. Lack of indispensable financial means, hampering the setting up of new co-operatives as well as the financing of already existing ones.
3. At its 25th Congress in 1972 ICA, discussing the above-mentioned difficulties which the development of industrial co-operatives encounters, passed a special resolution concerning technical aid for co-operative organizations in developing countries. ICA already cooperates with and gives assistance to co-operative organizations of less developed countries, through the intermediary of its regional centres in New Delhi and Moshi, Tanzania. Such a centre is now being organized in Latin America.

The International Committee of Workers' Co-operative Productive and Artisanal Societies ICA included these problems as matters of fundamental importance to its programme of action, simultaneously setting up for the implementation of this programme an agency of its own - the Centre for the Promotion of Industrial Co-operatives.

This Centre for the Promotion is one of the links of cooperation of the International Committee of Workers' Co-operative Productive and Artisanal Societies with UNIDO.

This cooperation has been in existence already for a number of years.

To the more important undertakings in these respect belong:

- the organization four times already of an in-plant training programme in the field of industrial co-operatives for organizers of work co-operatives in developing countries
- the organization of the Fair Promotion Activities Programme at the Poznań International Fair for the industrial and hand-crafts co-operatives of developing countries
- preparation for the Promotional Meeting on International Cooperation for Establishing and Promoting Industrial Co-operatives in Developing Countries, attended by ministers or undersecretaries dealing with industrial development and/or industrial co-operatives.

The subject of this Meeting is to discuss possibilities and forms of utilizing industrial co-operatives for the socio-economic development of various countries.

- The International Committee of Workers' Co-operative Productive and Artisanal Societies also prepares for 1978 a world Conference on Work Co-operatives.

Co-operation with and aid extended to developing countries will be one of the basic items on the agenda.

4. The forms of help presented in point 3 are the beginning of concrete action, but this is still far from exhausting existing possibilities.

Possible forms of further assistance could be:

- 4.1. Joint consultations with developing countries to define the means for the promotion and development of co-operative forms of production
- 4.2. granting of assistance in the selection and transfer of the proper technology needed by industrial co-operatives in developing countries
- 4.3. help in the selection and supply of production plants for small-scale industry, jointly with putting them into operation
- 4.4. assistance in designing production enterprises and the selection of the proper equipment, adapted to local needs and possibilities regarding raw material resources and labour available
- 4.5. broadening of the so far existing forms of training administrative, managerial and technical personnel, not only of co-operatives but also organizations on the 2nd and 3rd level. Such training could be conducted with the help of in-plant group training courses, individual training programmes on the spot in developing countries as well as in developed countries.
- 4.6. organization and establishment of an industrial co-operative information service and publishing of auxiliary literature and a bulletin containing information on the activities of joint programmes, requests for assistance and possible resources of assistance.
- 4.7. organization of other supporting activities such as: seminars, meetings, consultations with the aim of accelerating, establishing and developing the co-operative form of industrial production and of stimulating links between industrial co-operatives from developed and developing countries.

4.8. assistance in working out principles and forms of co-operation and exchange of experience between co-operatives and co-operative organizations in developing countries

4.9. wider use of highly skilled personnel, ICA experts

5. The starting point for the discussion is the problem of providing the financial funds for the implementation of the programme of assistance proposed here. The ICA has great experience in this respect and has at its disposal organizations capable of transmitting their knowledge and achievements to developing countries.

It should, however, be stressed that the means being at the disposal of the ICA are at the same time very limited.

ICA is an organization that has a budget for administrative expenses, composed exclusively from dues from member organizations.

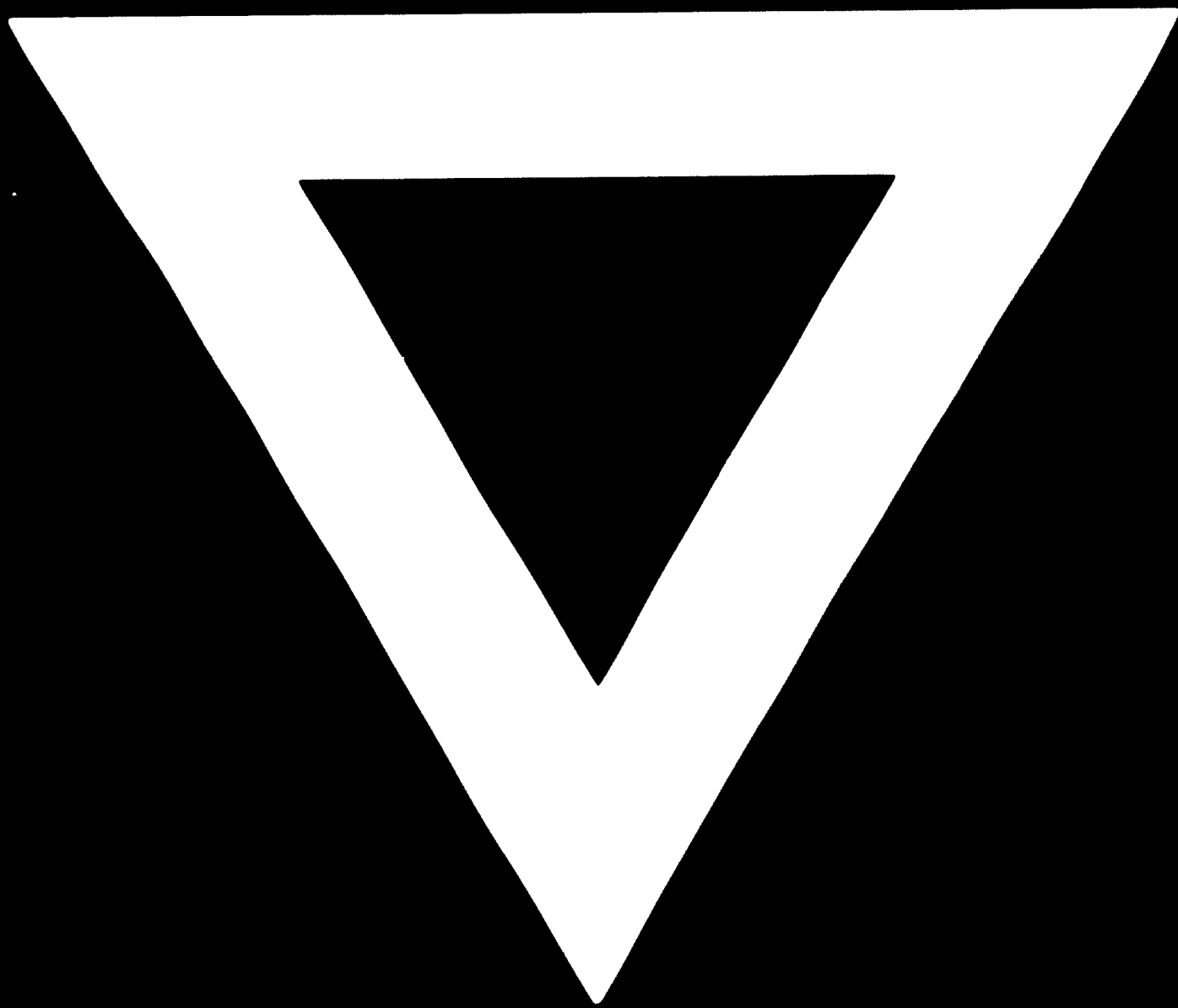
That is why OIC meetings organized by UNIDO should serve as an opportunity to discuss the various possibilities to make use of

- the funds of the UN system of organizations
- the funds of the International Bank for Reconstruction and Development
- the funds of the International Development Association

as well as funds from co-operative organizations in developed countries for co-operation and resources available for promoting and assisting the establishment of industrial co-operatives in developing countries.



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