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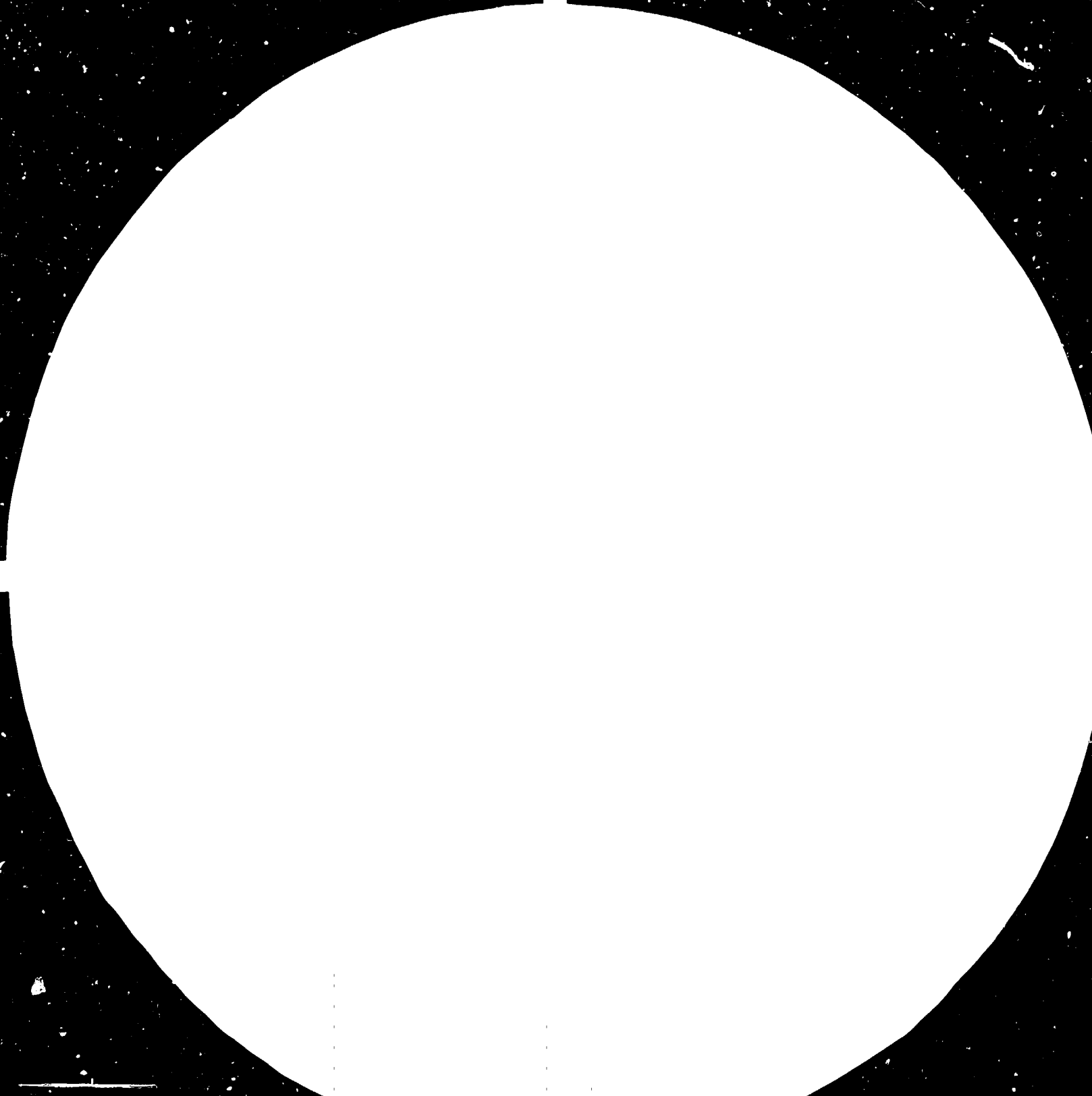
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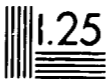
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International Seminar on Promotion of Industrial  
Co-operatives in Selected Developing Countries

Final Report

Gdańsk, Poland, 28th September - 4th October 1983

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## Part One: Introduction

### 1.1. General Background Information

It has been recognized that industrial co-operatives in developing countries have the potential to play a significant role in assisting and promoting the industrialization process and their economic and social development. In this connection, UNIDO's programme of activities in the field of co-operatives emphasizes the provision of assistance in establishing and promoting industrial co-operatives in developing countries and strengthening the co-operation between them and similar organizations in industrialized countries and other developing countries. With this in mind, UNIDO discussed with the Polish Central Union of Work Co-operatives, the International Co-operative Alliance /ICA/ and the International Committee of Worker's Co-operative and Artisanal societies /CICOPA/, the contribution of UNIDO in the Second World Conference on Co-operatives to be held in Warsaw, 5-8 October 1983. In this connection, it was envisaged that UNIDO contribution to this Conference would consist of organizing, immediately before the beginning of the Conference, a one week seminar for 15 representatives from developing countries, who are responsible for industrial co-operatives in their respective countries. The Seminar would also be considered as a follow up to the Conference on the Economic and Social Potential of Industrial Co-operatives in Developing Countries, organized by UNIDO in Arusha /Tanzania/ in February 1982.



## 1.2. The Objectives of the Seminar

The main objectives of the Seminar was to contribute to the industrialization process of some developing countries through the creation of new small-scale industries and the reorganization of existing ones in the form of co-operatives. To this end, the seminar will concentrated on the following:

- discussion on the needs expressed by the participants in establishing and promoting industrial co-operatives,
- co-operation between UNIDO, ICA, and various national co-operative movements in developing appropriate technical assistance and promotional programmes in order to meet the needs expressed by the participating developing countries,
- ways and means of strengthening and establishing co-operation between industrial co-operatives from industrialized and developing countries, as well as among developing countries themselves.

To achieve its objectives, the seminar will consist of two parts:

1. a survey of papers prepared by the representatives of developing countries on the needs expressed by these countries in the field of industrial co-operatives and bilateral meetings between representatives from co-operative organizations from developed and developing countries for establishing co-operative activities.
2. meetings with representatives of Polish industrial co-operatives and institutions.

### 1.3. Sponsors

The organizational and financial responsibility for preparation and running of the Seminar was taken over by UNIDO and the Central Union of Work Co-operatives of Poland. UNIDO took care of recruiting participants of the Seminar from Developing Countries of Africa, Asia and Latin America, in collaboration with respective Governments and UNDP regional representatives; financed the travel costs of the participants from their respective countries to Poland and back; took over a considerable part of the costs of food and accommodation of the participants of the Seminar from the voluntary contribution of Poland to UNIDO in Gdańsk.

The Polish Central Union of Work Co-operatives covered the costs of participants stay in Warsaw where they took part in the Second World Conference on Industrial Co-operatives /5th to 9th October 1983/; took over the costs of transportation inside Poland, of the study visits as well as the Seminar with necessary facilities, and took the responsibility for the realization of the programme of the Seminar.

### 1.4. Management of the Seminar and Resource Persons

Seminar Chairman, responsible for the co-ordination of the entire Seminar, the programme outline and the methodology was Professor Tadeusz Kowalak, Ph.D., M.L. of the Warsaw University

His Deputy, responsible for the detailed realization of the study tours programme was Mr E.Starczewski, Secretary of the Council of the Center for the Promotion of Industrial Co-operatives in Gdańsk.

Mr Louis Rojas of the UNIDO was attending the Seminar, help-

ing the participants and the Chairman in performing their work.

Mr Sten-Ing Larsson of the Swedish Co-operative Centre extended his valuable help to the Seminar as an experienced expert on problems of industrial co-operatives in African and Asian countries.

Mr Krzysztof Rajaczkowski who consulted several of the participants when elaborating their country papers before the Seminar took also part in the whole Seminar.

Problems of food and accommodation, transportation, welfare and medical care, secretariat, printing and translations were the responsibility of Mr Z. Lemski, director of the Centre of Promotion of Industrial Co-operatives in Gdańsk, and of his personnel.

Part Two: Consultancy Proceedings in Africa

2.1. Need of Consultancy and Tasks of the Consultant

2.2. Ethiopia

2.3. Ghana

2.4. Nigeria

2.5. Tanzania

2.6. Uganda

2.7. Zambia

2.8. Zimbabwe

Part Two: Consultancy preceding the Seminar

2.1. Need of consultancy and tasks of the consultant

It was believed that the success of the Seminar depends to a great degree on the quality of country papers presented by the participants of the Seminar and on the comparability of their contents. A consultant, Mr R. Pajaczkowski was appointed therefore by UNIDO for fulfilling of the following tasks:

- Assisting participants of the Seminar through a mission to selected African countries to prepare papers in accordance with the above-mentioned objectives of the Seminar,
- Preparation of an interim report on consultant's findings for discussion out the seminar.

Mr Pajaczkowski visited from 13 August 83 to 16 September 83 the following 7 African countries: Ethiopia, Ghana, Nigeria, Tanzania, Uganda, Zambia and Zimbabwe.

ETHIOPIA - Adis Ababa /6 + 15.09.1983/

1. GENERAL

Ethiopia is one of the most underdeveloped countries throughout the world.

The national income is about 100 US \$ per capita.

It is an agricultural country with a very poorly developed industry based mainly on the handicraftman's activity, very primitive, with low labour productivity.

The number of inhabitants is some 31.5 mln. The Ethiopian Government attaches great importance to the economic development of the country, introducing a mixed economy model, i.e. creates large-scale state enterprises /based on capital investments/ in the basic industry branches, in agricultural, industrial, handicraft and other co-operatives which will be predominant amongst small and medium-scale enterprises. The Government is promoting also the development of private activity forms within the scope of small-scale enterprises whose activity is controlled by governmental organs.

Assumptions of economic development in Ethiopia forecast gradual industry development in which different kind co-operatives should play an important part both at present and in the future.

2. INFORMATION ON THE EXISTING SITUATION AND DEVELOPMENT OF CO-OPERATIVE SOCIETIES IN ETHIOPIA

The activity of co-operative societies is regulated by the rules of Proclamation No. 138 of 1978 "A Proclamation to Provide for the Establishment of Cooperative Societies".

According to the above declaration the objectives of co-operative societies are as follows:

- to develop self-reliance and to promote the interests of their members,

- to put the means of production under control of co-operatives and to transform them gradually to collective property as may be necessary,
- to increase production,
- to expand industries,
- to conduct political agitation,
- to eliminate reactionary culture and customs,
- to participate in the building up of a socialist economy,
- to accumulate capital and to mobilize human resources to sustain economic development.

The activity of co-operatives is controlled by the Government and is supported and developed by it.

There are the following co-operative forms in Ethiopia:

a/ Agricultural producers' co-operatives and agricultural service co-operatives - a total of 712 co-operatives with 53900 members.

The co-operatives are involved in agricultural production and rendering agricultural services,

b/ Thrift and credit co-operatives,

c/ Housing co-operatives,

d/ Handicraft and industrial co-operatives /at present 832 co-operatives with 48000 members/.

These co-operatives have on the average 100 members.

These co-operative units are little, created mainly by handicraftsmen who have their own simple implements of labour, with very small capital possibilities.

The co-operatives are involved in activities in many production branches such as:

- pottery,
- blacksmithing,
- garments,
- weaving,

- woodcarving,
- production of carpets
- basketry, etc.

Five largest co-operatives /with about 150 members each/ are involved in activity in the following branches: blacksmithing, tinsmith's work, ceramics, garments and leather goods.

Their activity and development is organised within the ILO project and is financed by the Industrial Co-operative Development Fund.

The activity of producing co-operatives and other co-operative forms in Ethiopia is planned and controlled by the Government.

The governmental organization "Handicraft and Small Industry Development Organization /HASIDA/" has been founded by virtue of the governmental proclamation No.24 of 1979 for the management of co-operative activity and development. The main objective of the HASIDA organization is to promote the establishment of service and producing co-operatives amongst craftsmen, to register, supervise and assist them.

As regards producing co-operatives the HASIDA organization is involved in:

- investigation concerning possibilities of producing co-operative development;
- determining the possibilities of founding producers' co-operatives;
- preparation of projects on demands for some products and preparation of patterns for modified tools;
- organization and conducting training courses for co-operative members;
- giving assistance to particular co-operatives in the scope of marketing, supply of raw materials and equipment, production technologies, management and obtaining bank credits, etc.;



- giving licences for the newly-founded co-operatives;
- carrying out co-operative balance controls free of charge.

It is an organization which in principle performs the tasks of central co-operative unions in other countries, however, it is a governmental organization having wide rights in relation to co-operatives, i.e. it deals with issuing licences for co-operative activity. Moreover, the activity of that organization is not financed from voluntary membership fee, and authorities are not elected by co-operative members.

In Ethiopia there is no central co-operative unions, the HASIDA organization performs partially the tasks of central unions.

Having regard to the fact that it is a governmental organization having co-operative activities under control and determining the producing co-operative activity, all co-operation and assistance forms as well as projects concerning co-operatives in Ethiopia, organized by UNIDO, the Polish Central Union of Producing Co-operatives and other organizations should be carried out in co-operation with HASIDA Agency which due to the above should be the sale partner.

### 3. OBSTACLES ON THE PRODUCING CO-OPERATIVE SYSTEM DEVELOPMENT WAY IN ETHIOPIA

Despite the governmental support programme and the development of producing co-operatives their activity and development are not such as they should be:

Main obstacles on their development way are as follows:

- The society has no information on co-operative principles, aims, tasks and advantages;
- No trained co-operative managerial staff,
- Imperfect co-operative law /e.g. the co-operative law allows to distribute the net surplus between co-operative members in the amount of 2% only;
- No raw materials for production and improper /ineffective

utilization of raw materials;

- No infrastructure /water, electricity, roads, transport facilities, etc./;
- No means for purchase of modern technologies, machinery, equipment, etc.;
- No capital means.

4. MEETING WITH THE PARTICIPANT OF THE SEMINAR MR WATSADIK  
- GENERAL MANAGER OF HASIDA ORGANIZATION

No paper on producing co-operative system in Ethiopia has been prepared by the participant of the seminar till August 15th, 1983, i.e. to the visit of the consultant.

In view of the above the consultant was unable to assess the paper and therefore presented the following information concerning the seminar and the proposed contents of the paper:

- Purpose of the seminar,
- Detailed information on Polish co-operative societies, co-operative law, fundations and tasks of different level co-operative unions,
- Experiences of UNIDO and the Polish Central Union of Work Co-operatives in organizing training courses and seminars for co-operative members from developing countries /Ethiopia was a participant of a training course in 1980 in Poland/,
- Polish possibilities in supplying production technologies for small-scale and medium-scale industrial plants for co-operative members in Ethiopia,
- Objectives, tasks and possibilities of the Center for the Promotion of Industrial <sup>co-operatives</sup> and its Research and Training Centre in Gdańsk, founded under the auspices of CICOPA.

The consultant has discussed with the seminar participant the scope and the problems to be included in the paper for the seminar. It has been established that the paper

will be written and furnished to the UNIDO organization and the Polish Central Union of Co-operatives by the end of September 1953 and will contain:

- Information on the existing situation and economic development plans in Ethiopia with allowance for raw materials possibilities, labour force and the condition of the applied technologies,
- Description of the existing situation and development of co-operative management forms in Ethiopia, especially, handicraft and industrial co-operatives, as well as the attitude of the Government to that economy sector,
- Description of obstacles and difficulties encountered on the way of developing co-operative societies, description of functions, tasks and possibilities of the HASIDA organization with respect to promotion of industrial co-operatives, applied methods, encouragements, etc,
- Demands for international assistance in developing industrial co-operatives in Ethiopia possibilities of the HASIDA organization in the field of co-operation in that subject with UNIDO and the Polish Central Union of Co-operatives.

There have been also agreed the following lines of producing co-operative societies in Ethiopia and of the HASIDA organization as regards international assistance:

- Having regard to lack of trained staff in labour co-operatives and in small-scale and medium-scale enterprises the HASIDA organization is interested in any forms of training in the countries with developed co-operative forms and developed medium-scale industry. Training courses should be devoted to organization and management of small-scale and medium-scale enterprises including industrial co-operatives. Moreover, practical training should be carried out in enterprises for 5-6 representatives, including even the persons having higher technical education but not having professional

practice.

Such a training course should be carried out for about 3 to 6 months and should cover all the production stages and such elements as: management, marketing and book-keeping.

- HASIDA organization is interested in obtaining assistance from developed countries such as: engagement of experts who - in the existing or newly founded industrial enterprises in Ethiopia including industrial co-operatives - could teach workers practical production methods, how to operate machines and equipment and introducing more modern technologies and labour organization methods in these enterprises.

These experts should be highly skilled specialists with know-how and practice as well as they should have good command of English.

- HASIDA organization is interested in obtaining more modern production technologies, machines, equipment and even complete small industrial plants for the application in the existing and future enterprises and co-operatives. It applies especially to the following production branches:

- leather
- ceramic /incl.roof tiles, low voltage isolators/
- other branches

Projects would refer to founding so-called pilot plants in the number of 4 or 5 and would include delivery of technologies, machines, equipment and employment of experts. The HASIDA organization has some financial means for the purchase of the above-mentioned items, however the Organization is mainly interested in accomplishing these financial projects through international organizations, e.g. UNIDO, ILO or others.

At present, the HASIDA organization is in the course of accomplishing the contract for partial supplies of the above-mentioned items with the Polish Co-operative Enterprise for Organization of Export Deliveries METALCOP

which is a leading export delivery enterprise among co-operatives associated in the Polish Central Union of Co-operatives.

5. VISITS TO ZEMIOPLAN C -OPERATIVES

During his visit in Ethiopia the consultant had the opportunity to visit 4 co-operatives and the HASIDA Training Centre under the guidance of HASIDA worker.

A. The wood-working Co-operative associating 30 members is involved in production of furniture and wooden house-hold commodities.

The co-operative has its own selling stores.

During the visit the following has been found:

bad working conditions, bad labour organization, all production operations are carried out in the same premises which influence the very low productivity of labour.

B. The Clothing Co-operative associating 30 members is arranged in several lines.

The co-operative is involved in production of clothes with simultaneous sale of clothes.

Very bad working conditions and no labour organization have been found.

C. The Metal Co-operative - Training shop - associates several tens of members working in exceptionally primitive conditions / the workshop placed in the shed/, without social and technical facilities.

The co-operative is covered by the HASIDA program which provides that a new metal plant with modern equipment will be built and turned over to a co-operative.

It shall be a model co-operative fitted out with technological equipment from abroad, and in the future it shall be used for training co-operating members from other co-operatives. It will be necessary to teach people working under primitive conditions

modern technology and operation on machines and equipment. The MASIDA organization deals with training of future workers for that co-operative in its training centre.

- D. The Textile Co-operative associating over 200 members is a service co-operative since it employs cottage-workers. Weavers are employed in co-operative premises depending on possibilities in obtaining raw material.

The co-operative has not its own selling store, therefore, it sustains losses due to selling its products through middlemen.

Working conditions are somewhat better than in the foregoing co-operatives /workers' dining hall is provided/.

- E/ The MASIDA Training Centre where practical training courses are conducted for co-operative members especially from the newly founded co-operatives within the scope of MASIDA projects.

The Centre is provided with training shops in the following branches: metal, clothing, textile, jeweller's and ceramic.

The Centre has mobile training workshops on lorries for training workers throughout the country.

The Centre has a design division where experts from abroad are also employed.

After visiting the co-operatives it can be found that co-operative members have a very low level of knowledge on co-operative principles. Moreover, there are bad working conditions, there are no machines and equipment and improper labour organization. There are also no specialists in co-operative movement, organization and management.

The co-operative activity is fully subordinated to the control and instructions of the MASIDA organization which, for instance, does not allow in practice to distribute the net surplus among the co-operative members,

assigning it fully for the co-operative development. During the talks the co-operative members were expressing the need of training both workers in shops and managerial staff in the scope of management and labour organization methods.

It is concluded to undertake co-operation with HASIDA with respect to training courses organised for members of the above-mentioned and other co-operatives, to send co-operative experts to the Training Centre and to give assistance in delivery of machines and equipment both for the Training Centre and newly founded and developing co-operatives.

Conclusions and Recommendations on Assistance and Promotion Programs, Arising from the Needs Notified by the Ethiopian Co-operatives.

1. As regards organization of theoretical training, i.e. organization, operating and management of small-scale and medium-scale plants and practical training in the plants themselves there are wide possibilities to organize these type projects by the Centre for the Promotion of Industrial Cooperatives and its Research and Training Centre which conducts its activity under the auspices of CICOPA in Gdańsk.

Training courses should be conducted in groups not greater than 20 persons at theoretical training courses and in groups of several persons at practical training courses. It is concluded to put this proposal to the debate of the subsequent meeting of the Joint Committee of UNIDO-Polish Central Union of Work Cooperatives /CZSP/. Costs of the programme could be partially covered from the means of the Polish contribution for the UNIDO organization.

2. As regards the employment of foreign co-operative experts in Ethiopia, the Polish co-operatives are ready to send their experts to Ethiopia.

It seems that conducting practical training courses by experts in Ethiopia would be more advantageous. The only problem are financial aspects of these type proposals. These problems should be included in the activity of the UNIDO Purchase and Contract Division which can organise contracts for employing Polish co-operative specialists.

3. As regards the delivery of technologies, machines and equipment as well as projects associated with founding pilot plants it is necessary to continue and develop the already established co-operation in this extent between the HASIDA organization and the Polish co-operative enterprise "METALCOOP".

These contracts as yet can refer to purchases accomplished directly by HASIDA in Poland, but the UNIDO Purchase and Contract Division should be also engaged in that activity, especially in the scope of pilot plant projects.

It is proposed to engage by UNIDO in these projects Polish co-operative enterprises which can deliver complete small industrial plants for Ethiopia.

It refers mainly to METALCOOP enterprise which is already accomplishing a contract for Ethiopia and specializes in technologies provided for developing countries. METALCOOP has already submitted adequate offers in UNIDO and made an application to enter it in the ROSTERÉ.



VII. GHANA - Accra - 11th to 16th September, 1953.

1. General

The Republic of Ghana is an East-African country which gained independence in 1957.

It is underdeveloped country and at present is affected by economic crisis conditions.

Some 14 mln inhabitants live in Ghana, the national income per capita is 420 US \$.

2. Characteristics of Co-operative Movement

Co-operative forms are known in Ghana since a long time. The first co-operatives were founded in 1920s of this centenary, in colonial days, under the control and on initiative of the Government.

At present, in Ghana there is about 54.000 co-operatives involved in activity in the following branches:

- agriculture,
- animal husbandry,
- poultry-breeding,
- weaving,
- fishing,
- tailoring,
- distillers

and in bank, building, insurance, transport and trade services.

The basic co-operatives are associated in regional unions, which in turn are associated in central level unions.

At present there is 148 regional unions of different branches and 18 central level organizations.

A total of 3 mln members are associated in different co-operative forms.

The Ghana Co-operative Council Ltd is the chief co-operative organization which is involved in co-operative training, publicity and general development of co-operative societies in the country.

The co-operative societies in Ghana are subordinated to the Department of Co-operatives in the Ministry of Rural Development and Co-operatives, which keeps the register of co-operatives, approves the co-operative articles and exercises control of co-operative balances.

3. Co-operative Productive Societies in Ghana

In Ghana there are two kinds of producers' co-operatives:

- a. Co-operatives associating individual producers who work for their own account. They are associated in the co-operatives only for the purpose to have an easier access to raw materials, market and credit.
- b. Co-operatives based on group property, where co-operative members are employed in the production process.  
industrial

The latter co-operatives can be regarded as industrial co-operatives.

At present there are 957 producers' co-operatives involved in the activity of Ghana national economy, the majority of them conduct activity in the following branches:

- Distillers co-operatives	- 870
- Weavers' co-operatives	- 42
- Dyers' co-operatives	- 6
- Handicraft co-operatives /different branches/	- 14
- Tailors' co-operatives	- 25

These co-operatives are associated in central level unions:

- The Ghana Co-operative Distillers Association Ltd	- 45.000 members
- The Ghana Co-operative Tailors Association Ltd	- 2.250 members
- The Ghana Co-operative Weavers/Dyers Association Ltd	- 1.250 members

The basic problems encountered in the activity of these co-operatives are as follows:

- Difficulties in availability of raw materials for production, originating mainly from abroad,
- Low capital level,
- Difficulties in access to the market,
- Difficulties in obtaining credits,
- No trained co-operative staff.

4. Meeting with the Seminar Participants and with Other Representatives of Co-operatives

During his visit the consultant had meetings with the following persons:

- a. Mr S.O.Agyeman - Director of the Department of Co-operatives in the Ministry of Rural Development and Co-operatives,
- b. Mr D.O.Aakuffo - Deputy Director of the Department of Co-operatives in the Ministry of Rural Development and Co-operatives.
- b. Mr Acquah Harrison - Secretary in the Ministry of Rural Development and co-operatives.

The consultant has informed the afore-said persons of the objectives and assumptions of the seminar as well as of activities of the UNIDO Organization and the Polish Central Union of <sup>Work</sup> Co-operatives in the scope of assistance for co-operative members from developing countries, of experiences and achievements of Polish co-operativex societies. The afore-said persons were greatly interested in the above problems and expressed their wish to establish further co-operation.

c. Participants of the Seminar:

- Mr B.M. Osom - General Secretary - Ghana Co-operative Distillers Association,
- Mr F.Ussher - Department of Co-operatives - Ministry of Rural Development and Co-operatives.

The former is a representative of the greatest co-operative organization, i.e. Co-operative Distillers Association, the latter is a representative of the ministry responsible for development of co-operative societies.

The above representatives have prepared two papers on co-operatives in Ghana. The first paper gives characteristics of co-operatives in practical approach, the other one describes general problems of co-operatives.

In the consultant's opinion the papers are good and interesting and meet the seminar requirements. The papers must be somewhat completed, which has been discussed with the participants.

## 5. Conclusions and Recommendations

Producing co-operative societies have to play an important part at the present stage of restoration of destructed national economy.

Co-operative societies have good facilities, quite good organization and development possibilities provided that the existing obstacles, difficulties and some problems will be overcome, which can be achieved by giving assistance from international organizations.

In Ghana there is no trained co-operative staff, even ministry and co-operative unions' workers are not adequately trained in co-operative principles.

The international assistance should be directed to the following elements:

- Co-operative training: practical training for managerial staff and practical training for co-operative members. The training should be conducted jointly with the existing Co-operative College, taking advantage of possibilities of the Training Centre of the Centre for the Promotion of Industrial Cooperatives in Gdańsk and of Polish co-operative experts within the framework of UNIDO programs,
- Transfer of technologies aimed at modernization of co-operative production and making it independent on imported raw materials,
- Services of international experts who should carry out an analysis of possibilities and needs of co-operatives in Ghana and choose the most effective forms of international assistance.

VI, NIGERIA - Lagos - 7-th September 1985.

1. General

The Federal Republic of Nigeria is one of largest and better developed countries in Africa. Open capitalistic economy, number of population - abt. 85 mln. national income per capita - over 1.000 US \$. Having regard to the fact that it was a very short visit /practically two days/ and that the persons attending the meeting incl. the seminar participant are not engaged in co-operative problems as well as that the information on co-operatives was not available, the consultant was unable to collect detailed information on co-operative economic forms, especially on co-operative enterprises.

2. Information on Co-operative Societies in Nigeria

According to the received information there are the following types of co-operatives in Nigeria:

- Agricultural co-operatives,
- Consumers' co-operatives,
- Thrift and loan co-operatives,

and a number of handicraft co-operatives involved in activity in the following branches:

- tailor's
- woodworking
- metal.

Co-operative societies, except for agricultural co-operatives, are not significant for the national economy, in addition, the Government policy is not promoting and encouraging the creation and development of co-operatives.

In principle, there is no co-operative enterprises in the economic structure of Nigeria, whereas the small and medium-scale industry is completely based on private enterprises.

It is estimated that there are about 10000 co-operatives in Nigeria, whereof the prevailing majority constitutes agricultural co-operatives, and about 200 intermediate level unions and several tens of central level organizations.

These data are estimated approximately because there is no official statistic data on this subject, at any rate, such data are not available.

### 3. Meeting with the Seminar Participant

The consultant had two meetings with Mr R.C.Faloye - Under-secretary in the Federal Ministry of Industry /seminar participant/ and with Mr A.Adebayo and Mr O.Oshun - also Under-secretaries in the above-mentioned Ministry.

The above Under-secretaries deal with the problems of development of small and medium-scale industry.

As mentioned above the small and medium-scale industry in Nigeria is based on private enterprises only, therefore, the Ministry is not involved in the problems of co-operative enterprises, whereas the interlocutors had no idea on co-operative enterprises, who have stated that there are no co-operative forms in Nigerian industry.

Moreover, the seminar participant had no discernment as regards objectives and assumptions of the seminar, and his subject was wrongly interpreted as co-operation of African countries in joint industrial ventures and his paper was prepared from that point of view. In view of the above the consultant presented in detail the assumptions, subject matters and program of the seminar and also informed of the objectives, tasks and assumptions of UNIDO programs as regards giving assistance to developing countries.

Then, the consultant presented suggestions on the paper which should contain:

- description of Nigerian economy,
- description of the existing situation and the extent of co-operative activity,
- information on the condition, extent of activity and possibilities of development of small and medium-scale industry,
- Presentation of organizations involved in the problems of development of small and medium-scale industry,
- description of conditions from which the future development of small and medium-scale industry is dependent,
- needs of the small and medium-scale industry as regards international assistance,
- proposals of co-operation in the scope of developing that industry between developing countries.

### 3. Conclusions and Recommendations

In Nigeria there are no industrial co-operatives and it seems this form of industry will not be developed in the future because of free market economy and lack of policy aimed at promotion and development of co-operative enterprises by administration.

Discussions should be directed to the possibility of promoting small and medium-scale private industrial enterprises and to attempts to introduce co-operative forms into the existing small and medium-scale industry structures.

An assistance for Nigeria should be concentrated on training programmes and transfer of technologies /the needs are to be in detail presented in the country's paper/.

III. TANZANIA - Dar es Salaam - 25 & 30th August, 1983

1. General

Tanzania is an underdeveloped East-African country. Some 18mln inhabitants live in the country, whereof over 90% lives in villages and is employed in agriculture. The national income per capita is some 260 US \$. It is an agricultural country, the majority of the existing industry branches is connected with agriculture and growing of cotton, coffee, tea, sisal, cashew nuts, oil seeds, tobacco, etc.

The Tanzanian economy can be divided into the following three sectors:

- State sector having key industry branches,
- Medium-scale industry sector based on national property, mixed property /national and private/, co-operative property or individual property,
- Private sector where small individual plants are predominant.

The Tanzanian Government attaches great importance to development of small and medium scale industrial enterprises, especially to co-operative forms, seeing in them a tool of national policy.

2. Information on Co-operative Societies in Tanzania

Co-operative forms of management are known in Tanzania for a long long.

The first co-operatives were founded as consumers' or service co-operatives and were connected with agriculture. The co-operatives enabled the farmers to sell their products. The co-operatives rendered also services for agriculture.

Co-operative Productive Societies

At present, in Tanzania there is about 170 co-operatives which can be regarded as productive co-operatives associating over 6000 members.



These co-operatives conduct activities in the following branches:

- tailoring
- carpentry
- metalworking
- repair
- building and construction
- mining
- quarrying
- soap making
- multipurpose
- brickmaking
- bakeries
- tie and die
- brushmaking
- handloom
- printing

The annual turnover of these co-operatives is some 400,000 shillings.

The Small Industries Development Organization /SIDO/ has been founded in Tanzania for the promotion and development of small and medium-scale industry.

The SIDO organization has been created in 1972 by virtue of the parliamentary act and is subordinated to the Ministry of Industry.

The SIDO organization has its agencies in all regions of the country.

The SIDO organization is involved in the following activities:

- Prepares and co-ordinates national plans for medium and small scale industry,
- Gives consulting advices and prepares data on possibilities and needs of particular industry branches.
- Founds and operates industrial plants,
- Deals with development and delivery of modern technologies.

- Conducts training courses for workers and different type enterprises,
- Prepares and gives information on marketing.
- Organizes delivery of machines and equipment on the instalment principles.
- Organizes supplies and distributes raw materials and establishes prices for raw materials.

Industrial co-operatives are the matter of special interest of the Tanzanian Government and SIDO organization.

The project prepared at the Government request and financed by the Swedish International Development Authority is now at the final stage. The project is being prepared by UNIDO organization jointly with SIDO.

The following UNIDO reports have been till now prepared:

- "The Setting for Industrial Co-operatives in Tanzania - 1980, which examines briefly the history of co-operative movement in Tanzania and in more detail the changes, which took place since 1975.
- "Survey of Industrial Co-operatives" - 1980 - dealing with the survey carried out in 1980 which covered most of the active societies.
- "The Development of Industrial Co-operatives in Tanzania" - 1981, dealing with completion of the survey,
- "The Legal Framework for Industrial Co-operatives in Tanzania" - 1982, which deals with models of co-operative articles and the proposed union of producing co-operatives.

Within the scope of the above project a new department has been created, namely, The Directorate of Extension Services, responsible for support for industrial co-operative development and the Industrial Co-operative Desk dealing with promotion and development of industrial co-operatives.

3. Meeting with the Seminar Participant - Mr A.Koshiro-  
Director of Extension Services - SIDO

During his visit the consultant had several meetings with Mr A.Koshiro and with representatives of the Industrial Co-operative Desk, Mr R.Kuringe and Mr R.Mgenbe. During the talks with them the consultant acquainted himself with the principles and objectives of the SIDO organization as well as with the problems of industrial co-operative programs accomplished in co-operation with the UNIDO organization. The consultant presented detailed information on Polish producing co-operatives, their possibilities of giving assistance organized jointly with UNIDO in the scope of training, experts' services, delivery of technologies, machines and equipment.

The consultant had also a meeting with Mr Herbert H.Nyamugali - Principal Industrial Officer - Ministry of Industry, who gave support of the said Ministry for accomplishing programs on development of industrial co-operatives and he has stated that Tanzanian co-operative societies are expecting concrete assistance from international organizations.

The consultant paid a visit to Mr Ndugn D.W.A. Hollea - Member of National Executive Committee - Secretary General, Union of Co-operative Societies. Mr Hollea has expressed his great interest in the mission, seminar and the Second World Conference on Industrial Co-operatives. He is also interested in establishing co-operation with Polish co-operative societies and international organizations.

The subsequent meeting was held with Mr N.E.Maembe - Head of the proposed Tanzania Industrial co-operative Alliance. Industrial co-operatives /at present 67/ have founded their own association which will deal with giving assistance to co-operatives and with solving common problems.

The tasks of the association are as follows:

- Performing common purchases of machines, equipment, replacement parts, raw materials, etc,
- Creation of common development funds,
- Marketing,
- Exporting,
- Training courses for co-operative members,
- Assistance in balancing, etc.

In the nearest future the association will be registered and will begin its activity.

The association is interested in any co-operation forms and in receiving assistance from international organizations and co-operative organizations from other countries.

#### Assistance in Preparation of the Paper and its Assessment

The paper for the seminar has been prepared by Mr Moshiro before the consultant has arrived.

The paper contains quite detailed information on the existing situation and development of industrial co-operatives in Tanzania, data on activity, principles of founding new co-operatives, partial description of institutions assisting and supporting the co-operative activity.

Then, the paper describes the possibilities of developing industrial co-operatives in Tanzania, difficulties and obstacles of co-operatives, objectives and tasks of the SIDO organization and briefly the needs of further development.

The paper has been written chaotically and the subject has been incompletely presented, not in compliance with the assumptions of the seminar.

After making himself familiar with the paper the consultant had with Mr Moshiro several talks concerning the completion and extension of the paper.

It has been agreed that the following elements will be added in the paper:

- Short description of the country, its economy, economic policy of the Government, etc.,
- Short history of co-operative movement in Tanzania, description of the existing co-operative forms and co-operative potential,
- Presentation of tasks, aims, achievements and plans of the SIDO organization in the scope of small and medium scale industry in Tanzania, especially, industrial co-operatives.
- Short description and achievements of industrial co-operative investigations carried out in Tanzania by SIDO and UNIDO,
- Description of needs necessary for SIDO, newly-founded union of industrial co-operatives and co-operative members in the scope of assistance from international organizations,
- Proposals of common activities in exchanging experiences, conducting common programs for developing industrial co-operatives - directed to other developing countries /for instance, establishing co-operation between the Tanzanian SIDO organization and the Ethiopian HASIDA organization.

#### 4. Visits to Industrial Co-operatives

During his stay in Tanzania the consultant has paid several visits to the following co-operatives together with SIDO workers:

##### A. Furniture Co-operative

The co-operative associates 48 members and deals with production of office and representative furniture.

Technical facilities are in bad repair.

The co-operative is fitted out with several simple and obsolete machines.

Production is based mainly on manual work, simple tools are used.

The following problems make impossible future development of the co-operative:

- no machines and equipment,
- no replacement parts,
- no transport facilities,
- no means for purchase of relatively expensive tools.

Products are very interesting, made of high-grade wood such as: olive-wood, mahony, etc.

There are good prospects for the future development provided that modern technologies, machines and equipment will be used and workers will trained.

**B. Tailor's co-operative**

The co-operative has been founded by women and associates 20 women.

The co-operative deals with sewing children's and ladies' clothes.

Products are of good quality and readily sold. Material remnants are used for production.

The co-operative has bad conditions in premises, very poor labour organization.

There are prospects for future development but basic cutting and sewing machines must be purchased, labour organization must be improved and workers must be trained.

**C. Printers' Co-operative**

The co-operative associates 28 members.

Application forms, exercise-books, etc. are produced there.

Production is effected on obsolete machines for which replacement parts are not available.

There are difficulties in purchasing raw materials. The paper for the production is partially provided by the SIDO organization and partially is imported.

Poor labour organization, new machines are advisable. Domestic raw material must be supplied and training of workers should be conducted.

5. Conclusions and Recommendations

Tanzania has the best developed producing co-operatives from among the visited African countries in respect of number of co-operatives, number of co-operative members and production branches.

The Government is especially interested in industrial co-operatives and in their development. The SIDO organization has been founded. At present, Central Union and other organizations are being founded. It proves that the Government supports the co-operative activity.

In the recent years industrial co-operatives were intensively developed owing to activities of co-operative organizations founded for developing co-operative forms of management.

So far, UNIDO experts jointly with the SIDO organization contributed to the development of co-operatives. These experts have reviewed the majority of the existing co-operatives and have now good discernment as to future development of co-operatives.

It seems right to continue work within the scope of the mentioned UNIDO projects and to pass from the investigation stage to the subsequent stage, i.e. for preparation of concrete assistance plans.

During the visit the following needs of industrial co-operatives in Tanzania in the scope of international assistance have been established jointly with SIDO workers:

A. Training in countries with well-developed co-operative forms. The SIDO workers expressed the demand for theoretical and practical training in the following branches:

- General engineering and metal engineering for 10 persons,
- Woodworking - for 10 persons,
- Shoe making and leather goods - for 5 persons.

The Centre for the Promotion of Industrial Cooperatives /Research and Training Centre in Gdańsk/ jointly with UNIDO should arrange training courses in the above-mentioned branches.

B. Study tours to the countries with developed co-operative forms should be organized for representatives of Tanzanian industrial co-operatives, SIDO and Central Union.

During such study tours the representatives could make themselves familiar with experience of these countries in the field of co-operative societies and to transfer the best experience to their countries.

It is proposed to arrange a study course in Poland for the period of 4 weeks, where the Tanzanian representatives could visit several different branch co-operatives and discuss with the Polish Central Union of Work Cooperatives the possibilities of further co-operation conducted jointly with UNIDO.

C. Building of four or five pilot co-operative plants based, for instance, on Polish experiences in metal, wood-working and leather branches.

The task of these co-operatives - apart from production - would be also training of workers from other co-operatives and modernization of pattern-making of the existing products.



The project would require further investigations by UNIDO and the specialized co-operative enterprise METALCOOP could participate in that projects as supplier of machines and equipment.

- D. In view of the fact that industrial co-operatives in Tanzania have already established co-operation with UNIDO it should be undertaken the attempt to accomplish a part of the above plans.

At the same time it seems advisable to invite SIDO representatives to pay a visit to Poland and also UNIDO representatives in order to establish closer and more concrete co-operation.

## II: Industrial Development in Uganda

### 1. Introduction

The Republic of Uganda is over 13 million inhabitants, a very poorly developed country. The national income per capita is some 280 US \$.

As an agricultural country, 50 per cent of population is employed in agriculture.

Industry in the country is very poorly developed. For many years industry development attempts were undertaken, however, subsequent programs were being halted, for many reasons, mainly for political reasons.

The interest in small and medium-scale industry dates from 1959, through the years 1965, 1967, 1973, when governmental organizations for industry development were founded, investigations in other countries, for example India, were carried out, assistance from international organizations was obtained, among others, from UNICEF and Commonwealth Secretariats.

At present the Uganda Government assumes the following program in the strategy of economic development of the country:

- Development of new industry branches, especially small and medium-scale plants,
- Giving assistance and facilities for enterprises utilizing local raw materials resources for production,
- Assistance in mobilizing capital, technical and human resources.

The Ministry of Industry which in 1973 created a special department of Small Scale Industry will be engaged in the development of small and medium-scale industry.

The Ministry of Industry provides a significant contribution to the national income and employment.

The small and medium-scale industry defined in Uganda as enterprises based on the investment capital in the amount of up to £. 250.000 /except grounds and buildings/.

It is assessed that at present there are abt. 65 industrial enterprises meeting these criteria.

## 2. Information on Co-operative Movement in Uganda

Co-operative forms of management are known in Uganda since 1913 and it seems they are quite well-developed. However, the activity of co-operatives is mainly concentrated in villages. These are primarily agricultural, procurement and sales co-operatives.

According to the information received in the Ministry of Co-operative Societies there are at present about 4000 primary co-operative societies which associate over 1.300.000 members;

These are mainly agricultural co-operatives or co-operatives connected with agriculture, representing the following branches:

- Agricultural marketing
- Saving and credit
- Consumers
- Livestock marketing
- Dairy
- Hides and skins
- Fishing
- Handicraft
- Building
- Transport
- Poultry
- Ranching.

These co-operatives conduct their activity on the principles:

- Open and voluntary membership,

- Democratic control,
- Limited interest on shares,
- Return of surplus to members,
- Co-operative education,
- Co-operation among co-operatives.

Apart from these unions there are six co-operative organizations in the country, namely:

- The Co-operative Bank Ltd. - banking and credit facilities to growers,
- Uganda Co-operative Central Union Ltd.- bulk supplies of farm and industrial materials to members,
- Uganda Co-operative Wholesale Society Ltd.- bulk supplies to consumer, primary societies,
- Uganda Credit and Savings Union Ltd. - mobilizing of members savings and creating convenient terms of credit,
- Uganda Co-operative Transport Union Ltd. - provide transport facilities, vehicles and accessories,
- The Insurance Society of Uganda - carries out insurance activities for the co-operative movement,
- and Uganda Co-operative Alliance Ltd. - for education, representation and information.

According to the discernment of the consultant who could not obtain more detailed information on co-operative societies in Uganda the structure of co-operative societies is very expanded, complicated and has a completely voluntary nature.

There is, indeed, Ministry of Co-operatives and Marketing, but its tasks are limited to control functions. There is no uniform conception of co-operative law, co-operative principles as well as policy aimed at development and support of co-operative movement.

There is no idea of industrial co-operative movement, thus, producing co-operative employing their members.

It seems that producing co-operatives in Uganda can be regarded<sup>as</sup> district level co-operatives and unions dealing with agricultural products processing, some handicraft, tailor's and ceramic co-operatives as well as brick production co-operatives.

3. Meeting with the Seminar Participant - Mr G. Kasede Mukasa - Chief Economist of Ministry of Industry

The consultant had several meetings with Mr Kasede Mukasa and other officials responsible for development of small and medium-scale industry and co-operative societies, namely:

- |                        |                                                                    |
|------------------------|--------------------------------------------------------------------|
| - Mr Eldad B. Barigye  | - General Manager - Uganda Co-operative Central Union Ltd,         |
| - Mr Dani Kureju       | - General Manager - Co-operative Bank Ltd.,                        |
| - Mr Pius Bararinyebwa | - Ministry of Co-operatives and Marketing,                         |
| - Mr Nelson Kijega     | - Executive Secretary - Uganda Small Scale Industrial Association. |

The choice of a seminar consultant - according to the statements of the above-listed persons - was discussed for a long time, many times was changed and finally it was decided that it shall be a representative of the Ministry of Industry which founds a new department of small and medium-scale industry which also will be engaged in the problems of co-operatives.

In the consultant's opinion it was an inadequate choice arising only from the organizational structure.

From the talks and assessment of the paper prepared by Mr G.K. Mukasa it follows that his knowledge on co-operative movement, especially, on producing co-operatives is very limited and he and his ministry has no conception on development of that industry form.

In the consultant's opinion the representative of the Central Union or Small Scale Industry Association should participate in the seminar.

A. Assessment of the Paper

The paper prepared by Mr G.K.Mukasa contains little information on the existing state, possibilities and development programs of small and medium-scale industry, no needs with respect to assistance from developed countries and international organizations are stated besides general expressions such as transfer of technologies, technical assistance, experts' and consultants' services.

B. Suggestions and Recommendations Given by the Consultant and Agreements

The consultant handed over information concerning the seminar and appropriate preparation of the paper:

- The paper should be extended by giving concrete information on the existing state and development programs of medium-scale industry with allowance for industrial co-operatives,
- Indicate concrete needs as regards international assistance,
- Prepare several concrete proposals on creating or modernization of small and medium-scale plants basing on local raw materials resources, labour force, with allowance for technological needs, services of specialists and experts, etc.

It has been agreed that a list of such proposals and needs will be prepared jointly by the participants of the meeting and presented at the seminar. Since the paper was not in compliance with the assumptions of the seminar the consultant helped to prepare another paper which will be presented at the seminar.

as information from the Small Scale Industry Association.

At the same time, the consultant - seeing a great interest of the meeting participants in the industrial co-operative problems - presented his information on the following subjects:

- Development, existing situation, principles, activity methods and extent of industrial co-operatives in Poland,
- Possibilities of assistance in theoretical and practical training courses for co-operative members from developing countries, organised by Polish co-operatives jointly with UNIDO organization.
- Possibilities of transferring technologies, delivery of machines and equipment, experts' services for small and medium-scale industrial plants founded on the basis of co-operatives,
- Purposes of the seminar and of the Second World Conference on Industrial Co-operatives.

#### 4. Conclusions and Recommendations

- A. Information on the existing situation and development plans of small and medium-scale industry including industrial co-operatives are difficult to receive, which results from the fact that representatives of organizations responsible for co-operative development have little knowledge of co-operative movement.
- B. Since small and medium-scale industrial organizations can act completely voluntarily and independently there is no one control centre and uniform policy for controlling activities of these organizations. The Uganda Small Scale Industry Association plays a part of a co-ordinator in relation to the private sector.

- C. For many reasons, mainly, due to policy of former governments the actual economic policy is at the initial stage of setting tasks and plans. Simultaneously the administrative units responsible for development of small and medium-scale industry are at the stage of creating their structures and they have no yet proven conception of activity.
- D. - Before undertaking activities aimed at giving assistance for development of small and medium scale industrial forms it seems proper that UNIDO experts should prepare a more detailed analysis of. Uganda economic possibilities in this respect, determine the needs, choose the most effective needs /for instance, it should not be expected that industrial co-operatives will be a dominant sector amongst small and medium scale industrial enterprises due to lack of knowledge in this subject and lack of concrete incentives from the the Government to create these type co-operatives./
- E. Due to lack of skilled and educated staff for organization and management of small and medium-scale industry as well as lack of engineering staff it seems proper to prepare - in agreement with the Ministry of Industry in Uganda - training courses for training the lacking staff, taking into consideration the possibilities of the Research and Training Centre in Gdańsk. /The Uganda Small Scale Industry Association has applied to the Centre during the visit of Uganda consultant to organize training courses in Uganda/
- F. When preparing projects of small and medium-scale industry in Uganda the advantage of the following information should be taken:
- Plan prepared by the Uganda Government and UNIDO in 1963,



- Recommendations of Uganda delegation to India of 1979,
  - Commonwealth Secretariate Recommendations of 1979,
  - Report from Conference on "Small Scale Industry" in Uganda, held in December 1981 in Kampala,
  - Experiences of the Swedish Co-operative Centre which was giving assistance in reconstruction of co-operative movement in Uganda.
- G. Efforts should be concentrated on the accomplishment of projects which at the consultant's request could be prepared by the interested institutions and annexed to the paper at the seminar.

V: ZAMBIA - Lusaka - 4 to 6th September, 1983

In view of the fact that it was a very short visit, practically one day, the consultant was unable to collect complete information and to conduct adequate talks.

1. General

Zambia is an underdeveloped African country. Some 5.6 mln inhabitants live in that country. The national income per capita is 560 US \$.

It is an agricultural country, main cultivated plants are as follows: maize, rice, wheat, groundnuts, soyabeans, cotton, coffee, tea. The main national resource is copper. The country has also resources of other metals and minerals.

The industry is very poorly developed, the industrial sector produces about 12% of the national income.

2. Information on Co-operative Societies in Zambia

Co-operative societies are known in Zambia since a long time, however, they are mainly prevailing in agriculture. The information on the number of the existing co-operatives is incomplete. It is supposed that at present there are about 750 co-operatives associating 94.000 members. Over 3/4 of that number are agricultural, purchasing and trading co-operatives which are engaged in selling agricultural products and supplying materials for agriculture. The other existing co-operatives are consumers' and transport co-operatives as well as industrial labour and service co-operative which can be regarded as industrial co-operative enterprises.

There are also 9 secondary co-operative societies and one central organization: The Zambia Co-operative Federation Ltd.

### 3. Industrial Co-operatives in Zambia.

Industrial co-operatives play an insignificant part in the national economy.

It is estimated that there are 50 co-operatives engaged in activity based on the principles similar to those existing in industrial co-operative.

The co-operatives are involved in the following branches:

- building and construction
- brickmaking
- carpentry
- sand supply
- painting and decorating
- charcoal burning
- land clearing and refuse removal
- coal loading.

These are small co-operatives employing on the average about 30 members, with a very low capital and little turnover.

These co-operatives are not producing ones and their activity consist in rendering services and labour by members.

### 4. Organizations Involved in Promoting Co-operatives in Zambia

At present, the economic policy of the Zambia Government, assumed in the plan for 1979-1983 lays a stress on the development of small and medium-scale industry as the way of creating new working places and utilizing local raw materials resources.

The Small Scale Industries Development Organization has been founded for accomplishing these objectives. The main task of that organization is giving consultations, advices, financial aid, marketing aid, procurement and industrial estate services.

In 1979 there has been founded the Village Industry Service /VIS/ whose the task is stimulating the assistance and promoting the village industry.

In 1985 there has been created the Ministry of Co-operatives which is at the initial stage of organizing its structures and till now it has no laid down policy and conception of activity.

Despite the persistent attempts, no meetings were held with the representatives of the above institutions because responsible officials were absent or they were not interested in proposed talks.

5. Meeting with the Seminar Participant - Mr LIBAKENI

The consultant had a meeting with Mr Yuyki K. Libakeni - Permanent Secretary - in the newly created Ministry of Co-operatives.

As already mentioned, the said Ministry has been created this year and is not yet engaged in activity. At present, the Ministry is at the stage of employing workers /no skilled staff/, creating organizational structures and till now it has no prepared policy on promotion and development of co-operatives.

The said participant has a poor knowledge on co-operatives and he expects that he will acquire experiences and will make himself familiar with tasks and objectives of co-operatives during the seminar.

A paper has not been prepared.

According to the received information Mr Libakeni intended to present at the seminar the paper prepared by the UNIDO expert in 1981 for the conference in Arusha.

In view of the above the consultant has informed in detail of the objectives and tasks of the seminar stating that the author of the paper could not present (at the seminar) the paper from the conference in Arusha since it contained many out-of-date informations moreover, it was a descriptive material, whereas the seminar requirements are other and the paper - apart from the descriptive part - should contain conclusions for discussion.

It has been agreed that the said participant will prepare a new paper which will contain the following elements acc.

to consultant's suggestions.

- description of the country and national economy;
- description and characteristics of the existing co-operative societies;
- description and characteristics of activities of co-operative enterprises and possibilities of developing co-operatives;
- presentation of organizations founded for promoting the co-operative development in Zambia, their tasks, functions, objectives, achievements and plans for the future;
- conclusions on possibilities of developing co-operative societies, especially, co-operative enterprises, main obstacles;
- conclusions on international assistance;
- conclusions on international and bilateral co-operation between developing countries.

The consultant has also presented detailed information on co-operatives in Poland, on possibilities of giving assistance in training and other branches, and on co-operation with UNIDO.

## 6. Conclusions and Recommendations

With a view to a very short visit to Zambia and impossibility to hold meetings with representatives of the institutions established for promoting the development of co-operatives in Zambia /except for the meeting with Mr Libakeni/, the consultant was unable to lay down definite conclusions on possibilities of preparation of assistance programs for co-operatives in Zambia.

From the received poor information the conclusion can be drawn that at the present stage there is not in Zambia a definitely determined policy on promoting co-operatives. Therefore, it is recommended to discuss at the seminar the tasks and objectives of the organizations established for co-operative development and to know the methods and

achievements of other countries.

In the future, it would be advisable to think of preparation - jointly with the Ministry of Co-operatives - of an international assistance program on training and possibilities to acquaint Zambia organizations with experiences of other developed and developing countries.

IV. ZIMBABWE - Harare - 31.08. to 03.09.1983

1. General

Zimbabwe is a country which gained independence in 1980. Some 7.6 mln inhabitants live in the country, whereof 20% live in towns.

The country has raw material resources and good conditions for development of industry and agriculture.

Main raw materials are gold, asbestos, coal, nickel, chromium, copper.

Zimbabwe is one of the better developed African countries. The relatively modern industry producing 26% GNP and the agriculture /18% GNP/ are the predominant sectors in Zimbabwe.

The national income per capita is about 650 US \$.

There is an economic dualism in the national economy, i.e. the modern sector with trade, industry and large-scale production agriculture and the agricultural sector, underdeveloped without suitable infrastructure.

The economic policy of the Zimbabwe Government is based on socialist egalitarian and democracy principles which assume steady economic development, full employment, price stabilization, increase in productivity of labour and equal distribution of profits among the society.

2. Characteristics of Co-operative Movement

In present, in Zimbabwe there is registered 1000 different type co-operatives, whereof about 750 co-operatives is involved in activities, the remaining co-operatives are probably entered in the register only.

The prevailing majority of the co-operatives, estimated at 650, is agricultural co-operatives dealing with procurement, sale, supplies for agriculture, e.g. supply of fertilizers and sale of agricultural products.

A part of the agricultural co-operatives has been founded many years ago and the other part has been created in the recent two years as a result of governmental policy to found so-called "farming collectives".

Over the half of the co-operatives is associated in unions /at present 14/ which conduct activity throughout the country.

Ten of these unions in 1981 have founded a central nationwide organization called "Central Association of Co-operative Unions" which has started his activity this year.

Agricultural co-operatives conduct activities to a large scale and have great turnover in supplying fertilizers, seeds and in selling agricultural products.

Some co-operatives have their own selling stores and over 400 storehouses.

The number of these co-operatives is rapidly growing in the recent years and it is expected that they will be still intensively developed.

Apart from agricultural co-operatives in Zimbabwe there is several consumers co-operatives, several saving and credit co-operatives and several mining co-operatives which deal with mining and sale of coal.

In Zimbabwe there is no industrial co-operative societies. There is however several co-operatives whose activity is based on similar principles as those in industrial co-operatives. These co-operatives are involved in the activity in clothing, metal and furniture branches and in handicraft. Mining co-operatives whose significance and turnover are not noticeable in the national economy can be also reckoned among these co-operatives.

In view of the fact that Zimbabwe has gained independence not long ago, the economic policy principles are still at the formation stage. Therefore, it is difficult to speak about the concrete governmental plans and projects on development of co-operative forms, especially industrial co-operatives.

During the consultant's visit to Zimbabwe the Government of that country has issued his Declaration on Government policy on co-operatives. That Declaration is fully quoted below:



Government policy on co-ops is outlined

The Government wants to lessen the burden of widespread poverty, unemployment, exploitation and a general low standard of living of more Zimbabweans through co-operatives, says the Minister of Lands, Resettlement and Rural Development, Cde Moven Mahachi.

"The ultimate objective of the Government in promoting co-operatives is to bring about socio-economic justice and the happiness of all citizens", Cde Mahachi said in a statement this week on the Government policy on co-operatives.

Cde Mahachi said that the promotion of justice was organised under the framework of a socialist egalitarian ideology that guided the political, economic, social and cultural life of Zimbabweans.

POVERTY

The Government was aware that most Zimbabweans lived in poverty and that the rate of jobcreation in the wage sector was far below the growth rate of the labour-force.

The reasons, therefore for preferring co-operative enterprises were:

- Co-operatives provided the opportunity to develop the community and collective ways of living that provided a social base for socialism and national solidarity;
  - As the key problem of development is qualified manpower for management and labour, people could be trained in the quickest, least expensive and most efficient manner within the co-operative framework;
  - Co-operative structures are larger economic units than small individual ventures and investment per capita is lower as are general expenses;
  - Equitable distribution of wealth is facilitated;
- and

- Modernisation is facilitated for the smaller farmer or worker through co-operative means because it is easier to raise capital and organise bigger enterprises.

The Government would provide the necessary services that promote a sound co-operative movement. These would include education and training, audit, supervision, representation, research and financial assistance.

The principles embodied in the policy of co-operatives in Zimbabwe were that there should be open membership; democratic control; neutrality in politics, religion and sex; continuous education and common ownership of resources and results /in collectives/.

Although the Ministry of Lands, Resettlement and Rural Development had overall responsibility for the development of co-operative societies many other ministries would be involved in co-operative enterprises.

- The Ministry of Mines would oversee mining co-operatives and provide them with technical assistance in training and advice;
  - The Ministry of Trade and Commerce would assist in establishing trading facilities at wholesale and retail levels in district service centres and economic growth areas.
- 
- The Ministry of Community Development and Women's Affairs promoted co-operative efforts for handicrafts projects, home bakeries, brick moulding and clinics, savings clubs and gardening;
  - The Ministry of Housing would offer technical administrative, financial and training assistance to building co-operatives;
  - The Ministry of Local Government and Town Planning would act as a facilitating agency to other government ministries by encouraging and supporting co-operatives throughout the country;

- The Ministry of Industry and Energy Development would be responsible for industrial co-operatives;
- The Ministry of Roads and Road Traffic would promote the growth of transport co-operatives while agriculture would work with co-operatives through Agritex. "

In the existing state administration structure which is still at the formation and improvement stage the problems of co-operatives have been allotted to the Ministry of Land Resettlement and Rural Development which has created the Department of Co-operatives.

The Department has no skilled co-operative staff and is not involved so far in co-operative activity.

As it follows from the quoted Government declaration, particular types of co-operatives will be also covered by a care of particular branch ministries. The Ministry of Industry and Energy Development will be involved in development of co-operative enterprises.

3. Meeting with the Seminar Participant - Mr Ngoni Masoka - Chief Planning Officer in Ministry of Land Resettlement and Rural Development

Despite the persistent attempts of the consultant and UNDP worker, no meetings were arranged with the persons responsible for the development of co-operative enterprises in Zimbabwe.

The meeting with the seminar participant - Mr Ngoni Masoka - was very short, who had not time because <sup>he</sup> had to go out. The paper for the seminar has not been prepared. The participant had no prepared a general conception of the paper. Moreover, he had no time to discuss the outline of the paper and to hear the paper contents.

One meeting was only succeeded during the visit, i.e. the meeting with ILO expert for co-operatives, Mr Wahlfors who obliged himself to prepare a paper for the seminar.

After discussions it has been agreed that the following problems will be touched and described in the paper:

- The existing situation in co-operative movement in Zimbabwe,
- Activity of several existing co-operative enterprises,
- Government policy on promoting and developing co-operative forms,
- Identification of the areas where there are potential possibilities for developing co-operative enterprises,
- Structure, tasks and activity of institutions responsible for developing co-operative enterprises,
- Needs in the scope of international assistance.

#### 4. Conclusions

In view of the fact that it was impossible to arrange meetings with representatives of institutions responsible for development of co-operative enterprises in Zimbabwe, the information obtained by the consultant is incomplete, therefore, it is difficult to present conclusions on concrete projects.

It should be expected that the paper prepared by the ILO expert who has good knowledge as to the existing situation in co-operative societies in Zimbabwe will be interesting for discussion.

The lack of skilled staff both in ministries and co-operatives is the basic problem of the institutions founded for development of co-operatives.

The conclusion can be drawn that Zimbabwe needs an international assistance mainly in acquaintance of adequate workers in ministries and other co-operative organizations with the experience of countries with highly developed co-operative societies or in organizing for them special-

listic training courses, for instance, on methods of founding and promoting co-operatives, on organization and management methods.

Such proposals can be submitted only when adequate ministries will create their structures and will establish a definite policy.

While preparing projects on co-operative enterprises in Zimbabwe, it would be desirable to co-operate and take advantage of the work carried out in situ by the ILO experts.

### Part Three: The Seminar

#### 3.1. Place and Time

The Seminar took place in the premises of the Centre of Promotion of Industrial Co-operatives in Gdańsk, Wajdeloty 13, the joint venture of The Central Union of Work Co-operatives of Poland and CICOPA, a training and research institution between the 26th of September and 4th of October 1983.

#### 3.2. Participants

There were 14 participants from the Developing Countries: 11 from Africa /Botswana, Ethiopia, Ghana /2/, Nigeria, Senegal /2/, Togo, Uganda, Zimbabwe/; 2 from Asia /India, Pakistan/ and one from Latin America /Guyana/. See: Appendix 2 - List of Participants. With the exception of one participant of Ghana and one of Uganda all participants represented governmental agencies responsible for the development either of co-operatives or of small scale industries.

#### 3.3. Programme

In accordance with the general objectives of the Seminar its programme was to secure to all participants the opportunity to present their country papers to the Seminar and enough time to discuss them. The potentials of the sponsors of the Seminar as agencies willing to promote the development of industrial co-operatives as factors of economic and social development of developing countries were to be presented to the participants in order to help them to articulate their particular needs in this respect. On the other hand it was also intended that the participants meet representatives

## Part Three: The Seminar

### 3.1. Place and Time

### 3.2. Participants

### 3.3. Programme and Organization of Work

### 3.4. Inaugural addresses

### 3.5. Country Papers

#### 3.5.1. Botswana

#### 3.5.2. Ethiopia

#### 3.5.3. Ghana

#### 3.5.4. Guyana

#### 3.5.5. India

#### 3.5.6. Nigeria

#### 3.5.7. Pakistan

#### 3.5.8. Senegal

#### 3.5.9. Tanzania

#### 3.5.10. Togo

#### 3.5.11. Uganda

#### 3.5.12 Zimbabwe

### 3.6. Special session on Mondragon

### 3.7. Learning the Polish Experience

#### 3.7.1. The Paper

#### 3.7.2. Study Tour. Primary Co-operatives

##### 3.7.2.1. "Baltuskór" Artistic Handicraft Work Co-operative in Sopot

##### 3.7.2.2. The Fishing Co-operative "Rybmor" in Leba

##### 3.7.2.3. Iron and Non-Iron Metals' Foundry "Spolmel" Work Co-operative in Lebork

#### 3.7.2.4. Main Topics

#### 3.7.3. Visits to the Higher Level Co-operative Organizations

##### 3.7.3.1. The Professional School of the Central Union of Work Co-operatives in Gdańsk

##### 3.7.3.2. The Centre of Technological Development of the Union of Electrotechnical Work Co-ope- ratives

### 3.8. President's B.Catalano presentation of the CICOPA and problems of the Second World Confe- rence on Industrial Co-operatives

of Polish industrial co-operatives and institutions in order to acquaint themselves with the organization and functions of industrial co-operative system in Poland in search of more information and possible inspiration for action. The general outline of the programme tried to comply with these objectives:

At the opening session the organization and respective activities of UNIDO /Mr L.Rojas/ and the Central Union of Work Co-operatives of Poland /Mr H.Morawski/ were presented to the <sup>participants</sup> Seminar 15 country papers were made available to the participants /The list of country papers see: Appendix 3/. One of them, the Tanzania representative did not take part in the Seminar. A paper on the utility of experiences of Polish Work Co-operative movement for developing countries was presented to the Seminar by Mr J.Kurpisz, President of the Regional Union of Work Co-operatives of Gdańsk. Study trips were organized to three primary industrial co-operatives in Leba /The Rybmor Fisherman Co-operative/; in Lębork /The Odlewnia Work Co-operative/; and in Sopot /The Baltskór Work Co-operative/; to the Centre of Technological Development of the Union of Electrotechnical Work Co-operatives in Gdańsk, the Second level promotional organization of work co-operatives of electrical branch; and to Co-operative Professional Primary and Secondary School in Gdańsk a teaching institution for future and actual work co-operative members-workers. Time enough has been made available to elaborate final document of the Seminar: The Conclusions, which were presented to and accepted by the Second World Conference on Industrial Co-operatives /For detailed Programme of the see: Appendix 1/.

### 3.3. Organization of Work

All sessions of the Seminar with the exception of one were



held in plenary.

One session was organized as working groups' session in order to give the participants the opportunity to prepare themselves to participate and eventually to take floor at the Second World Conference on Industrial Co-operatives working group sessions: /1/ The development of industry and of agriculture; /2/ From handwork to industry through co-operatives. The two working group were chaired by Mr Ramesh Chandra from India and Mr Samaleab W. Tsadik from Ethiopia Special Committee under the chairmanship of Mr. Ramesh Chandra /India/ has been set-up by the participants to elaborate the final wording of the Conclusions of the Seminar.

In the Opening Session the highest representatives of local authorities Mr S. Milewski, the Vice-Town Major and Mr B. Kasprzycki the Vice-Governor of Gdańsk Voivodship as well as Mr Louis Rojas from UNIDO, Mr H. Morawski, the Vice-president of the Central Union of Work Co-operatives, Mr J. Murpisz, the President of the Regional Work Co-operatives' Union and other personalities took part .

Mr B. Catalano, the President of CICOPA and Mr Sten-Inge Larsson of the Swedish Co-operative Centre participated in the Closing Session.

#### 3.4. Inaugural addresses

In two inaugural speeches general evaluation of the situation of industrial co-operatives in developing countries has been presented by Professor Tadeusz Kowalak, the Chairman of the Seminar and Mr Luis Rojas of UNIDO.

In his opening address Professor, T. Kowalak drew the attention of the participants to the main problems faced by deve-

veloping countries on their way of economic and social development. Excessive rate of the growth of the population together with inadequate production of food and other commodities, with unemployment, the illiteracy of the vast parts of the population and enormous foreign debts create a kind of vicious circle which has to be broken. Industrialization seems to be a way out of the above problems, there are however numerous and grave obstacles on this way. Lack of capital, as well as of technical, managerial and commercial know-how have to be overcome.

Industrial co-operatives have potentials to master some of the obstacles. They can integrate dispersed means of the population thus helping to form financial base for new enterprises; they can create new employment opportunities thus raising the productivity of the society; they can contribute to the diversification of the production; they can raise the level of incomes of the population as well as of their professional qualifications; they can serve as an instrument of planning of local development; they can contribute to equalize the rate of economic development of different regions.

The task of the Seminar is to discuss the above problems on the basis of country papers and to help the participants to conceive the plans of action in their respective countries of developing industrial co-operatives as one of important instrument of industrialization.

Mr L.Rojas stressed the mandate of UNIDO to encourage and support the development of small, medium-scale and rural industries, stating that due attention should be given to the industrial co-operatives as means of mobilizing the local human, natural and financial resources for achievement of

national objectives of economic growth and social development. He added to the list of potentials of industrial co-operatives in the process of industrial development the following: Provision of the opportunity to a larger segment of the population to invest in industrial project and to contribute thereby to the financing of industrial development; development of incentives for a fuller and more effective participation in industrial development; spreading industry over wider geographical areas thus promoting balanced urban and rural industrial development; provision of common services to small-scale producers; utilization of traditional productive abilities of particular population groups.

UNIDO studies revealed that in a number of developing countries the contribution of industrial co-operatives to industrial development is minimal. The necessary preconditions for the effective organization and operation of industrial co-operatives are an adequate legal framework, applying specifically to industrial co-operatives; provision for industrial co-operative development programmes as an essential part of the over-all planning for industrial development; appropriate facilities and arrangements for financing the establishment and operation of industrial co-operatives; awareness on the part of key personnel in Government concerning the economic and social benefits to be gained by promoting the development of industrial co-operatives; knowledge on the part of the leaders of the co-operative movement and, in particular, of managers of industrial co-operatives on how to deal with engineering, technical and economic problems related to the organization and operation of industrial co-operatives;

information on the development, organization and operation of industrial co-operatives in different countries.

This and the problem how could the countries participating in the Seminar take advantage of the activities of UNIDO covering technical assistance, supporting and promotional activities such as surveys, research activities and specific industrial studies, establishment of contacts and exchange of experiences could be subjects of discussion during the Seminar. /Full text of Mr L.Rojas adress see: Appendix 4 to this Final Report/.

### 3.5. Country papers

Country papers presented to the Seminar by participants from particular countries were as different as different is the situation of the respective countries and of their co-operative organizations. The papers from 3 to 19 pages reported situations ranging from sophisticatedly elaborated programmes of development of industrial co-operatives, to lack of not only industrial co-operatives but of consciousness of their nature, and potential role which they could play in the proces of social and economic development. Unfortunately, the papers were not elaborated along the same or even a similar line. They are therefore hardly comparable. In the following country-wise review informations concerning industrial co-operatives contained in the papers have been selected /Full list of country papers - see Appendix 3/.

#### 3.5.1. Botswana

General framework. Co-operatives in Botswana are ruled by the Co-operative Societies Act of 1962. It does not provide

special regulations for industrial co-operatives.

Potential possibilities of co-operative form of enterprises have been recognized by Botswana's government. Co-operatives in Botswana have been therefore allotted a major role to play in economic and social development of the country. Co-operatives form nowadays the biggest socially owned undertaking in the country, playing the most important role in raising the professional qualifications of the population in wide space of economic life. Their development is mainly due to a constant governmental policy of their controlled expansion.

Co-operative movement. Botswana's co-operative movement is relatively well developed, particularly in agricultural and consumer sectors. Its task is to raise the standard of living of poorer strata of rural and urban population; to supply the agricultural inputs; to provide commodities for export; to facilitate education and acquisition of new skills among the population, 30% of the total number of households are affiliated to co-operatives, which provide jobs for some 800 people. There are 67 cattle marketing co-operative societies organizing marketing for some 21000 small cattle owners and supplying them with necessary production means. Consumer co-operatives own 36 retail shops. There are also 97 thrift and loan co-operatives. There are only two industrial co-operatives operating since some 10 years and affiliating some 100 members-workers.

Promotional agencies. The whole co-operative movement has its apex organization which is the Botswana Co-operative Union. It plays the role of a promoting agency and wholesale organization for all kinds of co-operatives. It is engaged in distribution of consumer goods, agricultural requirements and build-

ing materials; in marketing of cattle; in maintaining an insurance agency; and in retail advisory services. The BCK is responsible for the education and training as well as for publishing of educational and training material.

The Botswana Co-operative Bank is an independent banking institution for the entire co-operative movement of the country. It accepts deposits from co-operative societies, it channels governmental grants and loans for co-operatives; it grants loans to member societies it administer credit schemes, initiates agricultural credit schemes and savings schemes..

There exists a Department of Co-operative Development under the Ministry of Agriculture with 4 field offices. The tasks of the above Department are: to promote co-operative growth and development; to administer the Co-operative Societies Act; to supervise and audit the co-operative societies; to give technical advice to co-operative movement; to train and educate staff members, committee members and members of societies; to register and liquidate the societies.

Problems and difficulties. Lack of provisions concerning industrial co-operatives in Botswana's Co-operative Societies Act of 1962 creates some difficulties in spreading of the particular form of co-operative enterprises. Industrial co-operatives did not develop spontaneously in Botswana. Their potential possibilities in the process of socio-economic development are not adequately recognized because of lack of information and lack of local and regional experience. There is no organization specifically promoting and offering support for this special kind of co-operatives. Neither there are financial arrangements available for industrial co-operatives.

Program of action. An industrial co-operative development programme could play a valuable role in country's development plans as factor of encouraging the population to take active part in industrial development. Such programme could also link planned rural industrial development with existing co-operative marketing infrastructures. If industrial co-operatives were to be developed successfully it would be necessary:

- to develop joint strategy between the Ministry of Commerce Department of Co-operative Development and the Botswana Co-operative Union as representative of the movement; the collaboration of Co-operative Bank would be indispensable;
- to establish specialist support services organized and located so as to be readily accessible to the widest possible population;
- to ensure that adequate finance could be made available;
- to develop a programme of education and training for the potential members-workers and the people in general.

Up to date no plans have been drawn in Botswana for an industrial co-operative development programme, but there is considerable interest in the potential of such a programme.

### 3.5.2. Ethiopia

General Framework. The political system from before the revolution of 1975 was not in favour of establishing co-operatives and industrial co-operatives especially. The way for the development of co-operatives in Ethiopia has been practically opened by the Proclamation to Provide for the Establishment of Co-operative Societies /1976/. Following "Directives on the Producers' Co-operatives in Ethiopia" /1979/ various provisions on the subject have been made to co-operative

organizations such as exemption of income tax, special tariffs and other fiscal provisions.

Handicrafts and cottage industries contribute to over 80% of the whole manufacturing employment of the country. 88% of the population lives in rural areas, agriculture contributes in 90% to the export. Ethiopian plans of economic development attach great significance to the development of industry. One of the ways to achieve the growth of industry is to strengthen small and medium scale industry. The development of handicraft and industrial co-operatives is one of vital elements of this programme.

Co-operative movement. At the end of 1982 there were 817 co-operatives operating in the sphere of industrial production and services in Ethiopia. They affiliated some 50 500 members. The majority of co-operatives /762 with 47 000 members/ were of servicing type providing members-individual handworkers with raw materials and implements, organizing markets for their products and giving them limited technical assistance. The 55 producers' co-operatives were rather of the type of labour co-operatives where labour is the chief factor of their production.

Promoting Agency. In 1977 Handicrafts and Small-scale Industries Development Agency /HMSIDA/ has been established. It is a governmental agency responsible for development and promotion of handicrafts and small-scale industries, the industrial co-operatives included. There is no central union of industrial co-operatives. HMSIDA created an integrated programme of development of industrial co-operatives including elaboration of legislative proposals; creation of market for co-operative products; co-operative education and technical,



technological and organizational assistance in establishing new industrial co-operatives. IASIDA's activities are helped by industrial agencies especially by United Nations Development Programme. The international assistance provided to IASIDA consists of various components such as foreign experts, provision of equipment, training abroad etc.

Difficulties and problems. The main difficulty for realization of a broader programme of expansion of co-operative form of production of goods seems to be lack of adequate financial and human resources.

Programme of action. Due to the limited financial resources the immediate programme of action includes bringing into operation projected pilot industrial co-operatives; the reshaping of more advanced producer co-operatives which are for the time being of the type of labour co-operatives into industrial co-operatives; and building-up infrastructure needed for the development of these co-operatives.

### 3.5.2. Ghana

General framework. The National Liberation Council Decree 252 of 1968 maps out the nature, requirements, responsibilities, rights, obligations and operations of co-operatives as well as the powers of governmental Department for Co-operatives. The policy of the Government is to foster the development of appropriate institutional framework to achieve the modernization of national economy. The general aim of the Government is to work through the co-operative movement in carrying out some of its plans to increase the efficiency of small farmers, industries, marketing and distribution within the country. The philosophy of self-reliance is to be implemented in all above

mentioned spheres of economic activity. Two complementary governmental bodies are responsible for the development of co-operatives in Ghana: The Department of Co-operatives and the Ministry of Rural Development and Co-operatives headed by a Registrar whose functions are to register societies, audit and supervise the activities of all registered societies.

Potential possibilities of the movement seem to be very important due to the extension of co-operative form of enterprises in various spheres of the national economy and to the favourable attitude of the Government towards co-operative idea.

Co-operative movement comprises 54 000 primary societies active in the sphere of agriculture /mainly supply and marketing co-operatives/ industrial and handicraft production, housing, credit, transport and insurance. Total membership amounts to 3 million out of the total population of the country of 14 million. In the number of 54 thousand co-operative societies 951 industrial co-operatives with some 90 thousand members are included. Out of them the main group is associated in Ghana Co-operative Makers' Association Ltd. /some 45 000 members/. Altogether there are 15 national co-operative unions affiliated to the Ghana Co-operative Council.

Promotional agencies. The Department of Co-operatives employs 365 employees and supervises 50 thousand primary co-operatives, audits them, and performs the committee member education. Its main task is to enable the co-operative apex organizations to take over as soon as possible the functions of education, training, inspection and audit.

The Ghana Co-operative Council is the Apex body of the move-

ment is to be responsible for organizing and educating the movement and its members, inspection of its activities. It coordinates the activities of various co-operatives by assisting in the provision of services aimed at increasing agricultural output, enhancing better and efficient system of distribution and marketing, establishment of small scale industries, provision of better housing and organising credit co-operatives. The Council is headed by Secretary General and has 27 affiliated bodies grouped into agricultural, service, industrial and financial sectors. Ghana Co-operative Bank reestablished in 1974 unfortunately is not a very strong credit institution, which hinders it in playing a more important role in the development of co-operative organizations. For industrial co-operatives it is the more important, as their establishment requires as a rule important capital.

There is a Co-operative College in operation in Ghana. It works in very difficult conditions, nevertheless it offers comprehensive set of courses in: English, secretarial practice, accountancy, co-operative law and history. It does not provide any courses as management of industrial enterprises and technology.

Problems and difficulties. There are several obstacles to the further development of industrial co-operatives. Ghana's economy is generally not in the best shape especially since the middle of the 70-ties due to the rise of oil prices and symptoms of crisis in most developed countries of the world. On the other hand there are several internal obstacles mainly of the organizational and economic nature. There are difficulties in obtaining critical imported items. Lack of raw

materials hampers the development of tailoring, weaving, dying, metal-working and building trades. Credit is scarce. In almost all industrial co-operatives marketing of produced goods is the major problem.

The mortality/dormancy rate amongst co-operatives in the country is very high due to high costs and low level of investments. The major problems hindering the success of co-operatives in Ghana are: inadequate financing, lack of co-operation between the public services and small-scale primary co-operatives, lack of orders from public institutions, poor marketing conditions, lack of training facilities, lack of relatively cheap and appropriate technology.

Programme of action. Internationally conceived programme of developing training and educational activities for Ghana's co-operative movement is badly needed. There is lack of adequate training facilities, of teachers and instructors, of manuals and audio-visual aids, of libraries.

Commercial contacts between Ghana's co-operative national organizations and co-operative or other foreign trade organizations should be established in order to facilitate marketing of products of industrial co-operatives and to introduce appropriate technology. The problem of technology implemented in industrial co-operatives should be examined by experts in order to assess the improvement of local resources and of economic efficiency of co-operatives.

#### 3.5.4. Guyana

General framework. After attainment of republican status the government of Guyana identified the system of co-operative organization as a major instrument to be utilized in the

process of development. This system does not restrict itself to what may be termed as legal co-operative societies, registered under law, but also included the application of the principles of democratic management to state enterprises.

Co-operative movement. There are about 1400 registered primary co-operatives of all types in operation in Guyana. They are affiliated to district and regional co-operative unions. The Apex organization is the Guyana National Co-operative Union. The role of industrial co-operatives in the whole Guyana's co-operative movement is rather small. They operate in handicraft, garment manufacturing, metal fabrication, and furniture. Most of them are of supply and marketing type. The potential possibilities of development of industrial co-operatives result from the big and unused raw-material resources as well as human resources. The main benefit from establishing industrial co-operatives for the national economy would be the benefit of economics of scale.

The promotional agencies. General promotional activity with respect to industrial co-operatives is conducted by the Co-operatives Development Division of the Ministry of Manpower and Co-operatives. The Division has its extension personnel throughout the country. Supportive services are also provided by various district and regional co-operative unions. These unions are to foster a greater degree of co-operation and self-reliance among primary co-operatives. The Guyana Co-operative Agricultural and Industrial Development Bank established about a decade ago takes care of the financial needs of all Guyana's co-operative organizations.

Difficulties and problems. There are several obstacles on

the way to develop industrial co-operatives in Guyana. The major organizational constraint encountered in handicraft co-operatives where individual artisans produce their own items in their own workshops for co-operative marketing. They take advantage of collective organization of raw material supply, and training is conducted collectively. Changing this particular form into collective production performed in concentrated factories would not be favourably accepted by the members. Lack of competitiveness of few industrial co-operatives existing in metal fabrication and garment manufacture was due to lack of modern management techniques resulting from lack of managerial qualification of managers and members; incorrect investment decisions and inflexibility of behaviour patterns of the members. Industrial co-operatives could be developed if extended to specific fields of processing of agricultural raw-materials such as for instance rice straw, if appropriate type of technology would be applied /low cost, labour intensive, easily manageable, low fuel consumption/ and staff and members be trained.

The main needs are: Transfer of applicable technology to suit manufacturing of agricultural community; training in various fields; technical training programmes for potential members, training of trainers in the promotion of industrial co-operatives, training of managerial, technical, societal, commercial and financial co-operative staff members. An adequate programme of action should be elaborated with the help of experts if needed.

### 3.5.5. India

General framework. After Independence the Government of

India /1947/ committed itself to the co-operative form in vast fields of national economy i.a. in the field of industry in conjunction with the establishment and promotion of small scale and village industries. The First Five-Years Plan emphasized that formation of industrial co-operatives should be encouraged in every way, particularly in the field of cottage and small scale industries. Industrial Policy Statement of 1977 as well as that of 1980 again emphasized the role of the decentralized sectors, indicating the necessity of its financial and other promotion. Within these sectors industrial co-operatives were assigned a special role in the 6th Five Year Plan and the necessity of increasing co-operative coverage in traditional and modern small scale industry was stressed. The industrial sector of co-operative movement of India is the most important in the world as far as the number of societies and membership are concerned.

Promoting agencies. The Government of India established a special central agency the Small Industrial Development Organization /SIDO/ with a network of 25 service institutes. 18 branch institutes, 41 extension, 5 production and 3 training centres, as well as two institutes for design and research and 4 regional test centres. Two Committees appointed by the Government of India recommended establishment of about 100 growth centres up to 1990 to industrialize the backward areas. Six All India Boards were established by the Government of India to support small industries including industrial co-operatives. They are: Khadi and Village Industries Commission; All India Handloom Board; All India Handicrafts Board; Coir Board; Central Silk Board; All India Small Industries

Board. Co-operative unions central and regional promote industrial co-operatives' development too.

Difficulties and problems. In spite of a very long tradition and of emphasis put on co-operative by the central Governmental policy during last three decades the results of co-operativisation of the development of small scale industry in India is discouraging. There are several reasons for that: Industrial co-operatives have been always suffering from the problem of inadequate finance. They have as a rule very little capital of their own. The co-operative credit is however oriented mainly towards agricultural sector; industrial co-operatives require regular supply with raw materials as well indigenous as imported. Co-operatives are confronted all the time with the problems of irregular and/or inadequate supply, fluctuation of prices, insufficient storage facilities, shortage of means to purchase raw materials in bulk quantities. The State Industries Corporations which normally deal with the distribution of raw materials do not appreciate the needs of industrial co-operatives. Marketing is another major problem of industrial co-operatives. Out of organizational problems lack of adequately trained managers and members of staff is to be listed on the first place. There is also lack of co-operative commitment on the part of co-operatives and their managers who pay more attention to their own interests rather than to the interests of co-operative sector.

Suggestions. In order to improve the situation of industrial co-operative sector and to make it more dynamic:

- the old debate about the necessity of establishing a special agency for financing industrial co-operatives should come to the end and such an agency should emerge,



- it is necessary to review the co-operative laws so that it is sufficiently modified to suit the requirements of industrial co-operatives,
- feasibility studies should be an indispensable condition for establishing new co-operatives,
- law should prescribe the minimum value of share capital to eliminate the problem of undercapitalization,
- measures should be taken to attract professional managers to industrial co-operatives. An adequate training system should be established.

International agencies such as UNIDO should take more interest in developing industrial co-operatives, as means of solving unemployment problem. A machinery of regular exchange of information on experiences of industrial co-operatives in developing countries should be established; expertise in the organization and management of industrial co-operatives should be made available to those developing countries, who need such assistance; consultancy services and transfer of technology from one developing country to the other as well as from industrially developed countries should be established; further intensive research studies on the subject of industrial co-operatives /legal matters, management, technology/ should be developed; marketing for industrial co-operatives' products on international scale should be promoted.

#### 3.5.6. Nigeria

The country paper consists of some general data about Nigeria, its population and economy. There is no information about co-operative organizations, their legal framework, their dynamics and prospects. The term industrial co-operation is

interpreted in the paper as co-operation in industrial production among developing countries especially of Africa.

As the result of discussion at the Seminar the suggestion was formulated that UNIDO might send to Nigeria a consultant in order to study the political situation of the country and the viability of industrial co-operatives in this context. It seems that there is no awareness of potential benefits of introducing industrial co-operatives in Nigeria, and that lack of marketing channels, of raw materials, of trained personnel, of capital, of infrastructure plus Nigerians' attitude to work might be the most important factors hindering the introduction of this form of enterprise into Nigerian economic and social life. The readiness of central Government to promote industrial co-operatives should be also clarified.

#### 3.5.7. Pakistan

The Co-operative Societies Act passed in 1904 with major amendments made in 1912 and afterwards is still valid in Pakistan. It provides the legal framework for the functioning of co-operative societies and makes no distinction between various types of co-operatives: agricultural, credit, consumer or industrial. Industrial co-operative societies are almost non-existent the main interest of the population being drawn by agricultural co-operative societies. The reasons for the stagnation of co-operative development in the sphere of industry and manufacturing are: The imposition of co-operative form by governmental deliberated policy; free enterprise system ruling in Pakistan, which result in no preference for co-operative form of enterprise; lack of trust in the form of collective management; lack of financial means for establish-

ment of industrial co-operatives.

It seems that there is a very limited awareness on the side of policy-makers about the potential possibilities of industrial co-operatives in the process of economic and social development. This results in nonexistence of any specific policy of industrial co-operatives' development.

#### 1.5.8. Senegal

The co-operative law 83-07 of 28 January 1983 and a Decree 83/320 of 25 March 1983 constitute the legal framework of co-operative movement in Senegal.

The co-operative movement of Senegal constitutes an indispensable element of the socio-political system which was defined since 1960 as Senegal way to socialism. Co-operatives therefore enjoy favourable development conditions and are promoted by the state authorities.

Co-operatives are active mainly in the sphere of agriculture. They are of multipurpose character. One co-operative covers at the same time problems of credit, supply, processing and marketing. They are specialized dealing as a rule with one product such as groundnuts, cattle breeding, rice or fishery.

Industrial co-operatives are less numerous and do not play an important role. They can be found in construction, textile, transportation, tailoring, furniture and are mainly of supply and marketing type.

Responsible for the development of co-operatives is the Direction de la Co-operation, an agency of the Ministry of Rural Development. The above Direction co-ordinates the development of the movement and controls the application by regional authorities the policy of the government in this respect.

The main problems on the way to development of industrial co-operatives seem to be: financment, construction of workshops and storage facilities, training of managers and members and technical, organizational and managerial expertise.

### 3.5.9. Tanzania

Note: The representative of Tanzania Mr A.K.Moshiro was hindered in taking part in the debates of the Seminar by transportation difficulties. The below informations is based on his paper delivered to the Seminar.

General framework. Tanzania has recognized the co-operative movement as the right path towards fulfilling her declared policy of socialism and self-reliance. The First Five Years Development Plan 1964/65-1969/70 laid the bases of co-operative investment and collective undertaking in all sectors of the economy.

Co-operatives established during the first two Five Year Plan were agricultural in their majority. Few industrial ventures were initiated as enterprises owned by unions of rural co-operatives. By the end of the First Five Year Plan there were only 6 active industrial co-operative societies. This number increased to 29 by the end of the Second Five Year Plan /1975/. The next Five Year brought over 110 new industrial co-operatives the number of which amounted in the middle of 1983 to 170. Out of this number 140 are active. They are involved more or less in traditional industrial production lines i.e. textiles, woodwork and carpentry, general metal fabrication and engineering services. There exist a potential for establishing further co-operatives: availability of raw materials, necessary skills, markets and finance as well as institutional support

for them are the preconditions for their development.

Promotional agencies. Recognizing that the lack of sufficient skills both among the officials of the co-operative movement and the members of individual co-operative societies Co-operative College in Moshi has been established and its activities expanded to conduct courses and offer consultancy services in the fields of marketing, banking, accounting and auditing. The Dar-es Salaam Business College supplements general management and accountancy courses for the staff of co-operatives. National Co-operative and Development Bank finances the co-operative movement which is given the required financial and credit assistance as per government priority consideration. The National Bank of Commerce has financed a small industry finance department to finance viable projects in the small scale sector of whatever type of ownership. The Small Industries Development Organization /SIDO/, the Tanzania Rural Development Bank, the Union of Co-operative Societies are but a few other institutions which give encouragement of whatever form in the promotion, establishing and guidance of operations of industrial co-operative societies. Establishing of Union of Industrial Co-operatives however postponed for the time being is still under active consideration.

In 10 SIDO Training and Production Centres technical training is being made available in such trades as: carpentry and woodwork, handloom weaving, embroidery, batik and screen painting, vegetable oil extraction, vegetable and fruit preservation methods, burnt bricks making, ceramics and tableware manufacturing, handicrafts, handmade paper making technology, blacksmiths, general metal and enginee-

ring fabrication technology.

Marketing of the products of industrial co-operatives is organized through the Handicraft Marketing Corporation HAMDICO. It may be done also by the Board of Internal Trade a state organization which has a distribution network throughout the country.

Difficulties and problems. In spite of industrial co-operatives possessing the highest potential for growth in Tanzania there are several obstacles on their way of development. The main of them are: Lack of sufficient funds and of appropriate equipment; delay in auditing their books and activities; low skills of managers and accountants; poor technical skills particularly in engineering and workshop practices.

Suggestions to improve the situation of industrial co-operatives concern: the necessity of designating a lead bank to finance industrial co-operatives; establishment of a promotional institution either within or outside SIDO to take care of specific consultancy work for industrial co-operative societies; the reformulation of the existing co-operative legislation to suit the needs of industrial co-operatives; the establishment of a special union of Industrial Co-operatives to carry out specific objectives connected with the development of this type of co-operatives.

Need of international help and support is necessary in the organization of training of Co-operative personnel in specific disciplines such as management, accountancy and technics. Outside financial support would be necessary to extend the financial help extended to industrial co-operatives by the National Bank of Commerce.

### 3.5.10. Togo

During the first Five Year Plan 1966-1970 the necessary organizational infrastructure for the realization of the policy of industrialization was established, such as General Board of Planning and Development, Board for Industry and Handicrafts, National Centre of Promotion of Small and Middle Scale Enterprises, National Society for Investment, Bank for Development of Togo.

Co-operatives are however active rather in other spheres of economy. There are marketing co-operatives; fisherman co-operatives; handicraft co-operatives; consumer co-operatives and credit co-operatives, practically however no industrial co-operatives.

The paper enumerates possible fields of economy in which industrial co-operatives could be successfully established, such as: printing industry, transportation of goods, furniture and wood industry, metal industry, chemistry and food industries.

No specific governmental policy seems to exist to promote industrial co-operatives in Togo. An expertise concerning the potential fields of activities the necessary conditions for developing industrial co-operatives and their viability in specific case of Togo should be elaborated.

### 3.5.11. Uganda

The present government of Uganda has formulated a development programme for industries as an integral part of the overall industrial development programme. It stresses the necessity of encouraging new industries, especially small scale industries. A department of small scale industries has been

established in 1983 within the Ministry of Industry. Uganda Commercial Bank has a Small Scale Industries Scheme. There is also Uganda Small Scale Industries Association which encourages the organization of industrial co-operatives. Small scale industries based on co-operative concept are very small in number and are mainly concentrated in tailoring, pottery, brick making, hand crafts and handloom.

The potentials for activity of industrial co-operatives in the small scale industrial sector of national economy are great. There is however no definite programme of development of industrial co-operatives neither at the Ministry of Industry nor at the above mentioned Association. The potential possibilities of co-operative form of industrial enterprises are nonetheless recognized both by the government and the above mentioned Associations.

The Co-operative movement in Uganda is mainly based on agricultural produce. Co-operatives of supply and marketing type are active in every district of the country. At present the government is trying to strengthen them and diversify their activities also in industry. It is requested that the above Association will be assisted by UNIDO and the Polish movement in establishing a pilot scheme project for brick and tile making based on co-operative principles. Help in establishing necessary training schemes is also requested.

#### 3.5.12. Zimbabwe

Zimbabwe achieved independence three years ago. In spite, therefore, that the government is looking upon co-operative development in a major factor in the socio-economic development, there is only a very small number of industrial co-



-operatives so far. They are active in such areas as cloth manufacturing, carpentry, welding and printing.

Recently issued Cabinet Policy Paper on co-operative movement stresses that the government of Zimbabwe will adopt a policy favourable to co-operative development to enable the people of Zimbabwe to achieve economic power; to eliminate the exploitation of man by man; to make the people of Zimbabwe self-reliant in skills management, goods and services and establish in themselves a sense of confidence, initiative and high development aspiration; to provide an opportunity to create a sound base for socialism and national solidarity. Emphasis in co-operative development should be placed on producer co-operatives, especially in agriculture and industry. They are to be developed in mining, modern light industry such as canning, textiles and leather work, bakeries and tailoring.

A number of government institutions are assisting in the promotion and operation of industrial co-operatives: The Department of Co-operative Development in the Ministry of Land, Resettlement and Rural Development; Ministry of Mines and Ministry of Industry and Energy Development; Small Enterprise Development Corporation; Mining Development Corporation; Industrial Projects Committee; Zimbabwe Industrial Advisory Services and the Development and Finance Company.

The development of industrial co-operatives seems to be at the starting point. It deserves therefore special attention.

### 3.6. Special session on Mondragon experience

Mr Sten-Inge Larsson of the Swedish Co-operative Centre presented to the Seminar a general information on the history of Mondragon Co-operative System on its organization, its economic and social activities and its functions in the regional development of the Basque Region. The Mondragon Co-operative system consists of over one hundred primary co-operatives, mainly industrial, of a bank, several professional schools an insurance co-operative and many welfare facilities. The Mondragon co-operative system employs over 20 000 workers. It is considered as an outstanding example of a very successful co-operative organization functioning in free market economy conditions.

The system of financing of the Mondragon co-operatives' activities, of remunerations of members for their work and of managing the system with special reference to the selfgovernment problems were discussed in details. The information about Mondragon was considered by the participants as a source of valuable inspiration.

### 3.7. Learning the Polish Experience

Meetings with the Polish co-operators and co-operative institutions was one of important items of the programme of the Seminar. In this part of the Seminar a paper on the "Utility of Experiences of Polish Work Co-operative Movement for Developing Countries" was presented to the participants by the President of Gdańsk Regional Union of Work Co-operatives. Mr J. Kurpisz and several visits to primary work co-operatives and to their second level organizations were organized.

### 3.7.1. The paper

The task of the paper was to inform the participants of the Seminar mainly about the organization and functions of the Central and the Regional Unions of work co-operatives and of other second level co-operative organizations in Poland. The author of the paper took into account that the participants of the Seminar represented mainly governmental agencies responsible for the development either of co-operatives or of small scale industries. This determined that their interest concentrated rather on problems of organization of co-operatives and of their functions in macro-scale than on technical, financial, managerial and commercial problems in the micro-scale of primary co-operatives.

The necessity of having a relevant legal framework and within this framework organizations integrating on a higher level those functions of primary co-operatives which could not be performed successfully on the primary level, was stressed. After the presentation of the organization of the whole system of Polish work co-operatives the paper went in a more detailed way into the functions and tasks of co-operative unions. Five main groups of functions were enumerated: /1/ Protection and representation of interests of primary co-operatives and their members before state authorities; /2/ Advisory services; /3/ Accumulation and administration of centralized co-operative funds such as Development Fund, Welfare Fund; Training Fund; /4/ Assistance to primary co-operatives in accomplishing their economic tasks; /5/ Assistance to primary co-operatives in the sphere of non-economic activities.

Detailed information was given about the ways of performing the above listed functions: The formation and functions of

the Co-operative Development Fund as the main instrument of providing primary co-operatives with necessary finance for investment and other purposes; the establishment of enterprises owned by co-operative unions in order to perform such functions as designing and construction of new workshops, shops and other facilities, supply with machines, implements and raw materials, introducing new products and new technologies, marketing of goods produced by co-operatives, import and export activities etc. The assistance to primary co-operatives in the sphere of non-economic activities is financed by special funds consisting of contributions of primary co-operatives from a part of their surplusses and accumulated at the second and third level co-operative organizations. It consists mainly of vocational training of youth and adults in co-operative schools of primary and secondary degree and by the means of special courses. A central sports organization for co-operative members is financially supported by the Central Union of Work Co-operatives. Members of co-operatives are provided with medical care in sanatoria owned by Central Co-operative Unions. Co-operative recreation centres and cultural facilities of different kinds maintained by Central and regional co-operative unions, and established to assist co-operative members in organizing their leisure time are another form of non-economic activities promoted and supported by higher level co-operative organizations.

### 3.7.2. Study tour. Primary co-operatives

Three primary co-operatives were visited by the participants. The co-operatives were selected by the Polish sponsors of the Seminar so that the participants could be made aware

that: /1/ To achieve the middle scale size an industrial co-operative has to have adequate period of time; /2/ the main role played by industrial co-operatives in their environment is to provide employment; /3/ Higher level co-operative organizations play an important role in the development of particular co-operatives; /4/ Industrial co-operatives are an important factor of local development.

### 3.7.2.1. "Baltskór" Artistic Handicraft Work Co-operative in Sopot

The Co-operative was called into being in 1954 by the general assembly of some 20 workers employed by a workshop owned by Union of Artistic and Handicraft Co-operatives. It produced at the time shoes, sandals and purses and other article from leather. Since 1960 the Co-operative produces exclusively artistic leather souvenirs, including ladies' bags, portfolios, albums and purses. It is situated in the centre of the city of Sopot /50 thousand inhabitants/ in an old apartment house. In 1960 the co-operative started to employ cottage workers as the productive premises of the co-operative proved to be too small to produce amounts of commodities needed by the market. "Baltskór" employed in 1983 329 persons out of them 303 i.e. 92,1% of women. This number consists of 125 full-time workers and 165 cottage workers /in this number 163 i.e. 98,8% women/. New workshop of 500 square meters is about to be finished which will enable the co-operative in 1984 to employ new members, mainly women, especially that the demand for co-operatives' products is far from being fulfilled. The above investment is financed mainly by means of the Co-operative Development Fund. The main social

role of "Baltskór" Co-operative is to provide employment for women the number of whom in the region are either unemployed or working part-time.

### 3.7.2.2. The Fishing Co-operative "Rybmor" in Leba

The Fishing Co-operative "Rybmor" in Leba is 20 years old. It was established as a result of amalgamation a weal fisherman co-operative established after the Second World War, with a small state fish-processing plant. The objective was to call into being an enterprise which, owing to its co-operative form, would be connected as closely as possible with the inhabitants of the town destroyed by war and which would ensure the best possible use of the local human resources, the sea-side position of the town, its harbour and harbour facilities.

The integration in one enterprise of fishing and fish processing, being a result of the establishing of the co-operative, caused fast development of the co-operative, which was expressed, among others, in doubling its employment and in significant increase of production.

During the whole period of its existence, the Co-operative "Rybmor" has been the only large enterprise noting in the area of the Leba's microregion, mainly responsible for providing employment for the inhabitants. The Co-operative has been progressively developing and now it makes a specific combined plant, integrating in one enterprise: deep-sea fishing; a factory of canned fish; a plant preparing fresh sea fish for sale; a refrigerating plant; a storage plant; a fish-boats' repairing shop etc. It is one of the biggest fishing co-operatives in Poland, the only user of the fishing harbour in Leba, the owner of more than 20 fishing boats of

medium size.

The total amount of rke Leba's inhabitants is about 3800 persons, of which approximately 1000 to 1100 persons are professionally active. 550 from that number work in the co-operative, including more than 150 women. The co-operative fully satisfies the local demands for work. Although the work conditions are difficult because of the co-operative's production profile, there is a very low labour turnover, not exceeding 10 per cent a year. Few workers who happen to leave the co-operative are being replaced by people /still increasing in number/, coming from neighbouring farms, which are too small to ensure full employment for their owner's family members. In Leba the labour force surplus has already disappeared. Apart from the "Rybmor" Co-operative, few employment opportunities are offered by a rural supply and marketing co-operative, by local administration, health service and school as well as a number of retail shops, two restaurants and several rest-houses.

Relatively high wages of the Co-operative employees influence, the growth of the community income's level, thus improving standard of living of the population.

The Co-operative influences the economic and social life of Leba in many fields. It started the local construction of apartment houses erecting a building of about 60 flats for the Co-operative employees, using its own means and receiving credit assistance from the government. The co-operative supports building of houses by its employees, granting them appropriate credit assistance and using a special fund designed by the co-operative for this purpose.

The "Rybmor" Co-operative acts as a patron of the local

collective school, a kindergarten and allotments. It co-operates with the authorities of those institutions in various fields of social activity and, moreover, assists in repairing of buildings and other facilities through work rendered by its own working teams.

The only sporting club in Leba, in which soccer, sailing and mass sports are being practised, is organized within the Fishing Co-operative "Rybmor". The club possesses a sport field built by the Co-operative and a yacht harbour.

3.7.2.3. Iron and Non-Iron Metals' Foundry "Spolmel", Work Co-operative in Lebork /about 30 thousand inhabitants/

The co-operative was founded in 1950 by 10 workers including some founders. The main reason for its creation was lack of local employment opportunities. The co-operative foundry grew gradually. It achieved in 1983 the number of 355 members-workers and producers some 7200 tons of commodities of iron, aluminium and bronze. Products are of high quality and are partly exported to the USA, Switzerland, Austria and Federal Republic of Germany. There is a chemical laboratory within the co-operative. The "Spolmel" Work Co-operative plays an important role on the local labour-market different however from the formerly described "Rybmor" Fishing Co-operative in Leba as it does not have monopolistic position in this respect.

3.7.2.4. Main topics

The main topics discussed during the visits to the above described primary co-operatives concerned: the relations between primary co-operatives and their unions as to the



liberty in the sphere of decision-making as far as the planning of co-operative activities are concerned /in other words problems of co-operative selfgovernment in the system of centrally planned economy/; the wage system and level; the distribution of net surplus between reserve funds, investment funds and members-workers; the functioning of democracy within the co-operative with special stress on the election of the members of Co-operative Council and Board of Directors; the big investment works done and their financing; the role of Regional and Central Union's Co-operative Development Fund, in the developing process of the Co-operatives; their role in the local development.

### 3.7.3. Visits to higher level co-operative organizations

The participants of the Seminar visited two organizations of higher level out of many operating in the area. It seemed to the Polish sponsors of the Seminar that within the short-time which could be provided for the purpose a co-operative professional school should be of primary interest. The second organization was rather a simple example of services and promotional activities for primary co-operatives.

#### 3.7.3.1. The Professional School of the Central Union of Work Co-operatives in Gdańsk

About 600 pupils of both sexes are being trained in the Professional School in Gdańsk in such occupations as joinery, shoemaking, tailoring, mechanics of technical facilities, conservation of textiles etc. The School is financed by the Central Union of Work Co-operatives from the centralized Training Fund. The admission to the School is open. The

children of work co-operatives' workers have however the priority. The graduates are free to take any work they like either in a co-operative or in other enterprises. Thus the School plays not only the role of supplying work co-operatives with qualified labour but also raises general level of professional qualifications of the population. During the meeting with the Director of the School the participants had the opportunity to discuss the problems of recruiting of pupils, of employment of graduates, of financing, of programming the courses. They visited also the School's workshop where furniture was produced by those pupils who learn joinery.

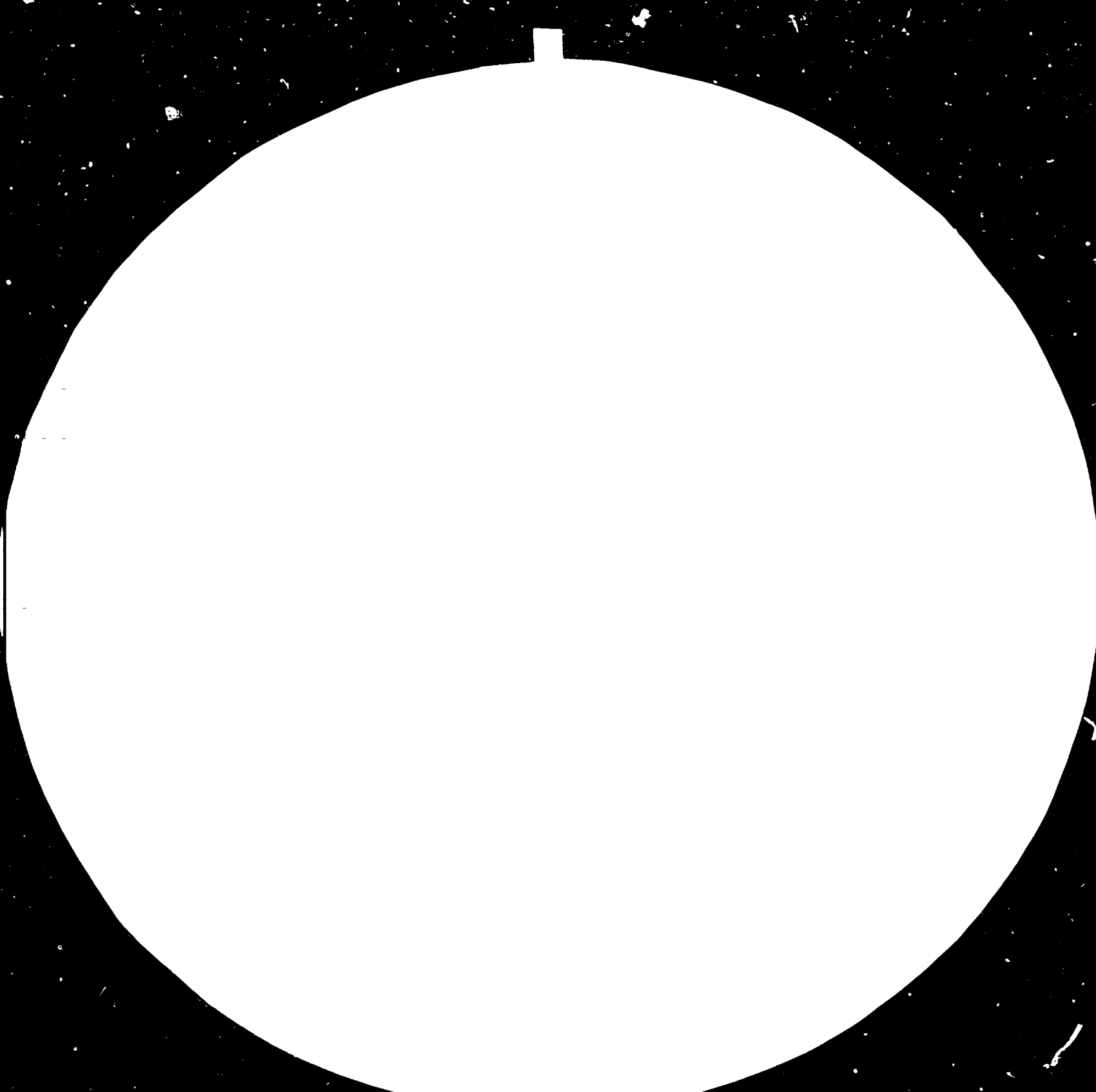
### 3.7.3.2. The Centre of Technological Development of the Union of Electrotechnical Work Co-operatives

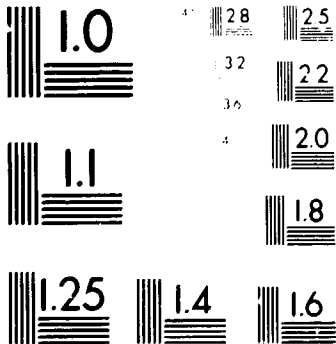
The Centre was established in 1978 and employs 86 persons engineers and technicians. Its aim is i.a. to design and produce metal devices and tools for production of artificial stuffs; to design and produce tools for dishing; to design special truck bodies. Obviously, particular primary co-operatives could not afford the designing and producing of the above mentioned items indispensable to improve the technology of their production, because of lack of necessary staff of specialists and of high costs of this kind of performance.

### 3.8. Presidents' B.Catalano presentation of the CICOPA and problems of the Second World Conference on Industrial Co-operatives

The Seminar hosted during the last day of its work the President of the CICOPA - The International Committee of Workers' Productive and Handicraft Co-operatives of the ICA.

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He presented to the participants of the Seminar the activities of CICOPA, the situation of the movement of industrial co-operatives in the contemporary world and its position in the international co-operative movement. He informed the Seminar about the preparatory works and the concept of the Second World Conference on Industrial Co-operatives to be held in Warsaw, 4-9 October 1983. He called the attention of the Seminar to the results of the conference organized by CICOPA in Florence in July 1982 on the role of workers' productive co-operatives in the rural development; of the conference held in New Delhi in April 1983 on the workers' co-operatives as an intermediary stage between handicraft and industrial enterprise; and of the conference held in Brussels in June 1983 which dealt with the problems of self-management and the problem of employment. The Second World Conference on Industrial Co-operatives is supposed to look at the ways in which workers' productive and handicraft co-operatives could play a more important role in solving the problems of hunger and of unemployment in the modern world. The Seminar and its conclusions will represent, an important contribution to the achievements of the Second World Conference, he said.

**Part Four: Conclusions of the Seminar**

**Diagnosis**

**Potentials of industrial co-operatives**

**Conclusions**

#### Part Four: Conclusions of the Seminar

The following text of the Conclusions of the Seminar has been elaborated by a special Committee elected by the Seminar and chaired by Mr Ramesh Chandra from India. It is a concise result of many hours of discussions on country papers and additional information about the situation and problems of industrial co-operatives in particular participating countries as well as on observations made during the study tour and visits to the Polish Co-operative organizations.

The Conclusions of the Seminar were presented to the Second World Conference on Industrial Co-operatives by Mr. Ramesh Chandra. They have been accepted by the Conference and included to its final documents.

x . . . x . . . x

#### Conclusions

of the Seminar on the Promotion of Industrial Co-operatives in Selected Developing Countries held in Gdańsk, Poland, between 28th September and 4th October 1983

Nominess of eleven developing countries /namely Botswana, Ethiopia, Ghana, Guyana, India, Nigeria, Pakistan, Senegal, Togo, Uganda and Zimbabwe/ participated in a Seminar on the Promotion of Industrial Cooperatives in Selected Developing Countries jointly organized by the United Nations Industrial Development Organization /UNIDO/, International Co-operative Alliance /ICA/ and the Central Union of Work Co-operatives of Poland from the 28th September to 4th October 1983 at Gdańsk. A representative of the Swedish Co-operative Centre also joined the discussions.



After having presented the state and problems of industrial co-operatives in their respective countries and discussed them in depth the participants would like to submit to the Second World Conference on Industrial Co-operatives, to be held in Warsaw, Poland suggesting that the Conference adopts and appropriate resolution in order to enhance the promotion and development of industrial co-operatives in developing countries.

#### Diagnosis

Developing countries are facing serious problems in their tasks to improve their economies and raise the standard of living of their populations. In addition to the well-known development problems like inadequate food production, unsatisfactory rate of economic growth, extremely high foreign debts; growing unemployment and rampant underemployment, illiteracy, migration from rural to urban areas and increasing disparities between different sections, these countries also suffer from:

- a/ lack of capital,
- b/ lack of trained manpower, and
- c/ lack of appropriate technology and know-how to suit their needs.

Since conventional solutions appear to be failing, it is imperative for developing countries to search for new solutions in order to optimize the use of their limited but locally available resources.

It is the considered view of this Seminar that if a programme for the promotion and development of industrial co-operatives is properly organised and executed, industrial co-operatives could help solve effectively some of these problems and help foster self-reliance amongst developing countries. The developing

countries should promote and develop industrial co-operatives as an alternative measure to solve their socio-economic problems like unemployment, low productivity, maldistribution of income and wealth, migration to urban areas etc. And all this can be achieved by mobilising local people, harnessing limited manpower and raw materials and will result not only in a climate of industrialization but will also mean a more democratic control of the means of production.

The main objectives for the economic, social and cultural development of the society, are to optimally fulfill the needs of the population.

The same are the objectives of the co-operatives, which are established in order to fulfill particular needs, especially the need for employment and for well-being of their members. These common objectives between the state and the co-operatives should open the prospects of mutual collaboration to the benefit of everybody.

#### Potentials of industrial co-operatives

An analysis of the socio-economic nature of industrial co-operatives as well as of their history indicates that, if particular conditions are met they may successfully perform several functions, such as:

- help in creating more favourable conditions for the process of industrialization
- help the state authorities to formulate and execute local and regional plans of economic and social development
- help in accelerating the economic growth of the country
- help in ensuring more equitable development of rural and urban areas

- discourage migration of the rural population to urban centres by offering full and part-time job opportunities in rural areas
- integrate dispersed and fragmented financial and other means available to the local population, thus creating conditions favourable for starting new economic activities
- create new job opportunities thus contributing to the solution of the problem of unemployment and underemployment
- optimal utilization of local human resources, their labour capacities and skills
- raise the level of professional qualifications and technical know-how of the population, thus enhancing the level of work productivity
- help in reducing disparities between different sections of the society thus reducing social tensions
- use local resources which may not be used otherwise
- develop the economic and social infrastructure of rural areas
- promote the process of integration among the local population thus creating conditions for common and self-help activities in all spheres of human activity
- ultimately industrial co-operatives provide an organization based on the dignity of human beings and recognize their right to determine their own affairs.

In spite of the above potential benefits of introducing industrial co-operatives into the mechanism of national economies of particular developing countries the participants concluded that only in a few of the countries represented at the Seminar, there is a dynamic development of this type co-operatives.

There are several obstacles on the way to turn the above potential of industrial co-operatives into reality. In several countries there is a lack of consciousness on the part of policy makers about the role that industrial co-operatives can play in the process of economic and social development. Two further main obstacles relate to: lack of an adequate programme for the development of industrial co-operatives within the general development policy and lack of appropriate legal framework.

There are hardly any promotional agencies, which could undertake extension activities and create favourable conditions for establishing new co-operatives and to help them in their growth. There is lack of qualified personnel at all levels.

The professional qualifications of prospective co-operative members are either insufficient or inadequate. There are difficulties in obtaining the necessary capital needed to establish co-operative plants and to get them into operation; frequent problems in marketing of products, due to lack of expertise on the part of management and to the lack of a reliable market intelligence system. Whereas the horizontal co-operation between co-operatives of different kinds is inadequate, assistance available from governmental or international organizations for tackling these problems is not quite enough.

## II. Conclusions

Taking all these factors into consideration the participants of the Seminar strongly believe that in order to promote and sustain a systematic development of industrial co-operatives in developing countries, particular attention would have to be given to the following essential factors:

I. There is a general lack of awareness about the potential of industrial co-operatives as an instrument of socio-economic change in a developing society. Therefore, all developing countries must assess and review the role they think these co-operatives can play in their economic development. For this purpose, the short and long term plans indicating the place of industrial co-operatives in the task of national reconstruction, government's commitment to their development and facilities to be provided for the purpose must be spelt out clearly. In essence, more help from national governments is indispensable.

II. Adequate legal framework should be established to ensure a healthy growth of these co-operatives.

III. There should be a promotional and supporting body set up for the benefit of industrial co-operatives and rendering services such as, scrutiny of feasibility studies, financing, supply and marketing, training etc. and oriented to help primary co-operatives, not govern them.

IV. All members should be given education in co-operation and training in suitable vocational trades. A high priority should be accorded to professional training for managers at all levels.

V. All those responsible for the development of industrial co-operatives should be made aware of government's commitment to let these societies function in a democratic manner.

VI. Industrial co-operatives should be closely linked with the locally available resources - human and material and their optimum utilization and should aim primarily to meet the needs of the local market.

VII. A stimulating system of wages, career opportunities possibilities to improve professional qualifications and human relations are motivational factors contributing to the competi-

tiveness of industrial co-operatives.

VIII. In order to avoid failures, it is of the utmost importance that before new ventures are launched, attention is paid to the scrutiny of feasibility studies, selection of managers and appropriate technology.

IX. The cause of industrial co-operatives development would benefit if international, non-governmental and regional organizations could pool their resources in the fields of training, education, research, marketing and advisory services.

International Co-operative Alliance and CICOPA in collaboration with appropriate international and national organizations and developing agencies should accept the responsibility for providing guidelines for the promotion and development of industrial co-operatives.

Governments of developing countries should intensify their activities in order to take advantage of existing programmes of various United Nations agencies to promote the development of industrial co-operatives. Everyone of us committed to the cause of industrial co-operatives should intensify our support for the Centre for the Promotion of Industrial Co-operatives in Gdańsk, Poland and other similar centres around the world which are involved in research and development work on these co-operatives. Only then will we be able to realise the full potential of these powerful but as yet ignored instruments of social and economic development.

#### Part Five: Problems of Follow-up

The Conclusions of the Seminar /see Part Four of this Final Report/ have identified the most important problems connected with the development of industrial co-operatives in developing countries and, in a broad sense, the ways and means to solve them. But neither the Conclusions, nor the discussions during the Seminar were able to articulate outlines of a very practical and detailed action in particular countries in this respect. Elements of programmes of action can be found in Part Two and Three of this Final Report, especially in some country papers and in the conclusion of the visits to particular countries of UNIDO's consultant. However very valuable, they can be considered as an indication of some existing problems rather, than as a comprehensive and balanced plan of action.

Taking this, as well as experiences of this kind of Seminars previously held, into account the hypothesis can be formulated that practical results of the Seminar depend to a great degree on follow-up action eventually taken by agencies and organizations sponsoring the Seminar.

It is obvious that the main hampering factor on the way of establishing and developing of industrial co-operatives in the majority of developing countries is inadequate consciousness on the part of state authorities as to the potentials of industrial co-operatives in the process of economic and social development. At the same time there is a lack of trained personnel able to manage industrial co-operatives and willing to work in them as well as lack of awareness of the nature of industrial co-operatives on the side of would be members. All

that belongs also to the sphere of consciousness. In other words programme or programmes of international and national activities in the field of education and training is indispensable to start any serious promotional activity. CICOPA with the assistance of UNIDO and the Centre for Promotion of Industrial Co-operatives of the Central Union of Work Co-operatives of Poland should elaborate a general plan of action in the fields of education and training on industrial co-operatives on regional and national levels. The plan should consider the problems of training facilities and programmes, of teaching staff and manuals as well as of financing the project. Inclusion of higher level state personnel responsible for co-operative or small scale industries' development and of central and regional co-operative unions' personnel, seems to be necessary. The existing facilities, especially that of the Centre for Promotion of Industrial Co-operatives in Gdańsk should be taken into account.

Expertise on industrial co-operatives, on their role in the developing process of the country, their establishment and running has to be considered as an indispensable factor of any promotional projects. Experts should be carefully selected out of experienced co-operators from countries both developed and developing where industrial co-operatives play a more significant role. They should be carefully prepared before starting their mission. CICOPA together with UNIDO should offer services of experts on industrial co-operatives to the governments of selected developing countries.

Plans of development of industrial co-operatives in particular countries should be elaborated with the help of above



mentioned experts as a part of general economic and social development plans.

The concept of establishing pilot industrial co-operatives in selected areas should be elaborated. They may prove to have more potential in proliferation of knowledge about the advantages of co-operative form of industrial production in broader national and regional programmes of industrialization. Pilot schemes could also open new opportunities for training of managerial and other qualified staff for new industrial co-operatives. Pilot industrial co-operatives should be assisted either by international or by national organizations interested.

There is a need of elaborating the system of co-ordinated technical assistance to industrial co-operatives in developing countries.

Commercial links between organizations of industrial co-operatives of developing countries and between them and co-operative organizations of industrialized countries should be established and developed. They should help in solving difficult problems of marketing. A plan should be elaborated in this respect.

It is the responsibility of the Sponsoring Organization of the Seminar to start the necessary studies on the solution of problems conditioning the development of industrial co-operatives; to conceive a general plan of promotional activities; to try to co-ordinate the actions of promotional agencies which either are or could be involved into the promotion of industrial co-operatives; to set up the necessary time-table.

Appendices

1. Programme of the Seminar
2. List of Participants
3. List of country papers
4. Address by mr L.Rojas

Appendix 1

Seminar on the Promotion of Industrial Co-operatives in  
Selected Developing Countries, Poland, Gdańsk, 28 September  
- 4 October 1983

Programme

28 September 1983

/Wednesday/

Session I

- 09.00 - Opening Session of the Seminar
- Opening speech by J. Kurpisz, President of the  
Regional Union of Work Co-operatives in Gdańsk
- Introduction to the Seminar, by Professor  
T. Kowalak, chairman of the Seminar
- Welcome Speech, by Mr E. Milewski  
Governor of the Voivodship Gdańsk
- Welcome Speech by Mr B. Kasprzycki  
Town Major of the City of Gdańsk
- Presentation of UNIDO and its Activities, by  
Mr L. Rojas, representative of UNIDO

Session II

- 11.00 - 13.00 - Presentation of country papers: Guyana,  
Nigeria
- 15.00 - 17.00 - Presentation of country papers: Botswana,  
Ethiopia, Zimbabwe
- 17.30 - 18.30 - Discussion

29 September 1983

/Thursday/

Session III

- 08.30 - 13.00 - Study Visit to the Fishing Work Co-operative  
in Leba

Session IV

- 15.00 - 17.30 - Study Visit to the Iron and Non-Iron Metal Foundry "Spolmel" Work Co-operative in Lebnork

30 September 1983

/Friday/

Session V

- 08.00 - 10.00 - Study Visit to Artistic Handicrafts Work Co-operative "Bałtškór" in Sopot
- 10.30 - 12.00 - Study Visit to Co-operative Technical Development Centre in Gdańsk
- 12.30 - 14.00 - Study Visit to Professional Co-operative school and its workshops in Gdańsk
- 15.30 - 20.00 - free time

1 October 1983

/Saturday/

Session VI

- 08.30 - 11.45 - Presentation of country papers: Ghana, India, Uganda
- 12.15 - 13.30 - Discussion

Session VII

- 14.30 - 16.30 - Presentation of country papers: Senegal, Togo, Pakistan
- 16.30 - 18.00 - Lecture on Mondragon Co-operative System by Mr Sten-Inge Larsson of the Swedish Co-operative Centre
- 18.00 - 19.30 - Discussion

2 October 1983

/Sunday/

Sightseeing tour of Gdańsk and free time

3 October 1983

/Monday/

- 08.00 - 9.30 - Lecture on the Utility of Experiences of Polish work Co-operative movement for developing countries, by J.Kurpierz, President of the Regional Union of Work Co-operatives in Gdańsk
- 9.30 - 10.30 - Address to the Seminar by the President of CICOPA Mr B.Catalano
- 11.00 - 13.00 - Discussion in working groups
- 13.00 - 14.00 - Plenary discussion and drafting of conclusions
- 15.00 - 16.30 - Closing session. Acceptance of the conclusions of the Seminar
- Farewell speeches

4 October 1983

/Tuesday/

- 09.00 - Departure to Warsaw

Appendix 2

List of Participants

I. International Organizations

1. Luis R. Rojas - Non-Governmental Organization  
Section, United Nations Industrial  
Development Organization, Vienna,  
Austria
2. Bruno Catalano - International Co-operative Alliance  
President, CICOFA - International  
Committee of Workers Productive and  
Artisan's Co-operatives, Rome,  
Italy
3. Sten-Inge Larsson - Swedish Co-operative Centre,  
Stockholm, Sweden

II. Developing Countries

1. Patrick C. Manthe - Department of Co-operative Development,  
P.O. Box 36, Gaborone,  
Botswana
2. Salemeab W. Tsadtik - General Manager HASIDA, P.O. Box  
5758, Addis Ababa, Ethiopia
3. Francis K.A. Ussher - Department of Co-operatives,  
P.O. Box 333, Tarkwa, Ghana
4. Benjamin M. Oson - General Secretary Ghana Coop.  
Distillers Association Ltd.  
O. Box 3440, Accra, Ghana
5. Michel Bobb Lemple - Ghana Co-Operative and Marketing  
Society, Hartmanville, Georgia, U.S.A.
6. [Name] [Last Name] - Manager [Organization] [Address]  
[City], [Country]
7. [Name] [Last Name] - [Organization] [Address]  
[City], [Country]
8. [Name] [Last Name] - [Organization] [Address]  
[City], [Country]

9. Sidi Lamina - Directeur de L'Industrie  
Ministere du Developpement Indu-  
striel et de L'Artisanat, Route de  
Ouakam B.P. 3179, Dakar, Senegal
10. Ahlin Ahlinvi Sodji - Ingénieur en Raffinage de Petrole  
Direction de L'Industrie et de  
L'Artisanat, BP 831, Lomé, Togo
11. Issa Balde - Controleur de la Cooperation,  
BP 161 Tamabacounda, Senegal  
Oriental
12. George Kasede Mukasa - P.O.Box 7125, Kampala, Uganda
13. Ngoni Masoka - 2 Brill Hall, P.O.Box 7726 Causeway  
Harare, Zimbabwe

### III. Poland

1. Tadeusz Kowalak - Professor, Warsaw University, Dani-  
łowiczowska 11-66, 00-084 Warsaw,  
Poland
2. Józef Kurpisz - President, Regional Union of Work  
Co-operatives, Elżbietańska 10,  
Gdańsk, Poland.
3. Zygmunt Lemański - Director, Centre of Promotion of  
Industrial Co-operatives, Wajdeloty  
12/13, Gdańsk, Poland
4. Jan Lawiński - Director, Metalcoop, Na Stępcie 1d,  
Gdańsk, Poland
5. Hubert Morawski - Vice-President, Central Union of  
Work Co-operatives, Żurawia 47,  
Warsaw, Poland
6. Eugeniusz Starożewski - Secretary, Council of the Centre  
of Promotion of Industrial Co-ope-  
ratives, Wajdeloty 12/13, Gdańsk,  
Poland

Appendix 3

List of country papers

1. Botswana - Brief Description of Co-operatives in Botswana by Patrick Cyril Manthe, Co-operative Officer CODEC, Gaborone, Botswana, p.15
2. Ethiopia - Labour Co-operatives in Ethiopia, by Samaleab W. Tsadik, General Manager Handicraft and Small Industries Development Agency MASIDA, Addis Ababa, Ethiopia, p.8-9
3. Ghana - a/ The Need for the Establishment and Promotion of Industrial Co-operatives in Ghana, by Benjamin E. Oson, General Secretary Ghana Co-operative Distillers Association Ltd., Accra, Ghana, p.6  
b/ Country Paper on Co-operative Development in Ghana by Francis Kwofie Antubam Ussher, Department of Co-operatives, Tarkwe, Ghana, p.7
4. Guyana - Facts about Guyana, by Michael Bobb-Semple, Worsmanville, Georgetown, Guyana, p.7
5. India - Industrial Co-operatives - The Indian Experience by Kamesh Chandra, New Delhi, p.17
6. Nigeria - Country Paper by H.O. Faloye, Federal Ministry of Industries, Lagos, Nigeria, p.10
7. Pakistan - Promotion of Industrial Co-operatives - A Pakistan Study by Zahoor Sajjad, Secretary Industries Department, Civil Secretariat, Peshawar, Pakistan, p.6
8. Senegal - a/ Communication I-e Partie, by Sidi Lamine, Directeur de l'Industrie, Ministère du Développement Industriel et Artisanat, Dakar, Senegal, p.10



- b/ Communication on Seminaire sur la  
promotion des coopératives industrielles,  
by Issa Balde, Controleur de la Coopération,  
Tamabawunda, Dakar, Senegal, p.10
9. Tanzania - Development of Industrial Co-operatives in  
Tanzania, by A.K.Moshiro, p.11
10. Togo - Communication, by Sodji Ahlin Ahlinvi,  
Direction de l'Industrie et de l'Artisanat,  
Lome, Togo, p.12
11. Uganda - a/ Uganda's Case, by George Kaseddle Mukasa,  
Kampala, Uganda, p.10  
b/ Paper, by Nelson J.Kiyegga-Galiwango;  
Executive Secretary, Uganda Small Scale  
Industries Association, p.10
12. Zimbabwe - Zimbabwe Country Paper, by Ngoni Masoka,  
Harare, Zimbabwe, p.3.

Appendix 4

Inaugural Address by Mr L.Rojas - representative  
of UNIDO

Ladies and Gentlemen,  
Distinguished Participants,

First of all, I wish to express my great pleasure at having the opportunity to address this Seminar on behalf of the United Nations Industrial Development Organization /UNIDO/.

UNIDO was created within the United Nations family to be responsible for the numerous and complex problems relating to the industrial development of the developing countries. Within this context UNIDO has, for a number of years, been concerned with the role of co-operatives in industrial development and with the problems that need to be solved in order to make the co-operative form of industrial organization an effective mechanism for development.

One of the mandates of UNIDO specifically calls for encouragement and support of small, medium-scale and rural industry and industries which fulfil the basic needs of the population and which contribute to the integration of different sectors of the economy; and to this end due attention should also be given to the industrial co-operatives as means of mobilizing the local human, natural and financial resources for the achievement of national objectives of economic growth and social development.

Industrial co-operatives in the developing countries have the potential to play a significant role in industrial develop-

ment. Industrial co-operatives can help to:

- Provide the opportunity to a larger segment of the population to invest in industrial projects and to contribute thereby to the financing of industrial development;
- develop incentives for a fuller and more effective participation in industrial development;
- spread industry over wider geographical areas, thus promoting balanced urban and rural industrial development;
- provide common services to small-scale producers, thus enabling them to make use of larger-scale technologies;
- make possible the utilization of traditional productive abilities of particular population groups.

UNIDO studies have revealed that in a number of developing countries the contribution of industrial co-operatives to industrial development is minimal and that in order to accelerate their development a number of obstacles will need to be overcome. These obstacles involve problems connected with the organization of new industrial co-operatives, as well as with the operation of already established industrial co-operatives.

There appears to be a lack of an appropriate legal and institutional framework for promoting and assisting the development of industrial co-operatives in the developing countries, and hence limiting their role in the process of industrialization. Apart from establishing appropriate legislation which takes into account the specific characteristics of industrial co-operatives, institutional arrangements by governments to provide a favorable climate for the development of industrial co-operatives should include: provision of

financial assistance, tax concessions and assistance in organizing markets for co-operative products. However, the establishment of suitable legislation and the creation of favourable development conditions by governments do not of themselves ensure an effective growth of industrial/co-operatives in developing countries.

Effective organization and operation of industrial co-operatives, as the development of other types of industrial enterprises, is directly related to the availability of an efficient system of industrial services and support activities. An illustrative range of such services and activities might be: applied industrial research, industrial design, standardization and quality control, advice on choice of technology, industrial promotion, feasibility studies, financing and training activities. Although all of these are important, perhaps the major obstacles to the effective organization and operation of industrial co-operatives are scarcity of industrial skills, shortage of capital and inadequate marketing and commercial facilities. Thus, the urgent establishment of support activities to alleviate these problems appear to be essential to the development of industrial co-operatives in developing countries.

It has been recognized that one of the main bottlenecks to the development of industrial co-operative enterprises in developing countries, appears to be the lack of qualifications on the part of the staff/managers, economists, technicians, accountants/ and of skilled personnel involved in the production process. On the other hand, there are few facilities for managerial, technical and other training for co-operative enterprises in developing countries. Many of these

countries co-operative training is scarce and at times tends to put the emphasis on co-operative ideology and principles rather than on problems of technology, economy and management.

If the co-operative movement is to have an independent and accelerated development it is crucial that it has its own means of financing. The accumulation by the co-operative movements in developing countries of its own funds for financing the development of various co-operative sectors, including industrial production, is seldom to be found. However, industrial co-operatives usually require more capital than other forms of co-operatives, partly because of their greater need for costly installations /warehouses, heavy machinery, processing equipment, packaging and transport machinery/, and partly because of the longer-term investments involved. On the other hand, banks do not always give credit to industrial co-operatives in developing countries for various reasons, including: a/ not all co-operatives are able to give adequate securities, and b/ not all banks are able to contact co-operatives operating in remote rural regions.

In a number of developing countries industrial co-operatives are experiencing difficulties in the marketing of their products. Problems of industrial co-operatives in marketing are not limited to the domestic market but also appear in the organization of import and export activities. These problems may be the result of a lack of adequate consideration to market aspects when preparing feasibility studies for the establishment of the industrial co-operatives.

The aforementioned illustrative example problems make it evident that while an extreme form of industrial co-operative may provide low cost financing and a structure

required to provide support for its effective development, this is clearly beyond the resources of medium or small-scale industrial co-operatives. There appears to be a need, therefore, for an institutional framework through which assistance can be provided to industrial co-operatives in developing countries in solving their organizational and operational problems.

In essence, the following appear to be among the necessary pre-conditions for the effective organization and operation of industrial co-operatives in developing countries and to which UNIDO has attempted to direct its activities:

- An adequate legal framework applying specifically to industrial co-operatives;
- provision for industrial co-operative development programmes as an essential part of the over-all planning for industrial development;
- appropriate facilities and arrangements for financing the establishment and operation of industrial co-operatives;
- awareness on the part of key personnel in Government concerning the economic and social benefits to be gained by promoting the development of industrial co-operatives;
- knowledge on the part of the leaders of the co-operative movement and, in particular, of managers of industrial co-operatives on how to deal with engineering, technical and economic problems related to the organization and operation of industrial co-operatives;
- information on the development, organization and operation of industrial co-operatives in different countries.

Now, please allow me to briefly outline the activities carried out in the field of industrial co-operatives, activities which belong to three categories, these are:

a/ Operational activities which cover:

- Provision of technical assistance on multilateral and bilateral bases /preparation of feasibility studies, expertise, consultancy services, transfer of technology and know-how, selection of equipment, production programmes etc./. For instance, assistance of an institution building nature is presently being provided in the field of industrial co-operatives through our projects in Tanzania /Development of Industrial Co-operatives/, Ethiopia /Assistance to the Handicrafts and Small Industry Development Agency/ and Burma /Technological Support to the Industrial Co-operatives/;
- organization of training programmes /at national, regional and international levels/ for managers and skilled personnel of co-operative enterprises from developing countries;
- organization of extension services such as research, standardization and quality control, management, information services, for industrial co-operatives and their associations.

b/ The supporting activities which are designed to support field operations which UNIDO is undertaking in developing countries. The majority of supporting activities are performed at UNIDO headquarters at Vienna and include surveys, research activities and specific industrial studies.

c/ The promotional activities which are designed to:

- promote contacts and exchange experiences between industrial co-operatives and co-operative associations in developed countries and similar organizations in developing countries;

- identify ways and means of international co-operation in strengthening existing and establishing new industrial co-operatives in developing countries.

In carrying out its activities, UNIDO has been calling upon the assistance of organizations concerned with the development of industrial co-operatives in developing countries, namely: The Polish Central Union of Work Co-operatives, the International Co-operative Alliance /ICA/ and its auxiliary Committee of Workers' Productive and Artisanal Societies /CICOPA/, the Committee for the Promotion of Aid to Co-operatives /COPAC/ and several national organizations such as the Swedish Co-operative Centre.

For instance, with the Polish Central Union of Work Co-operatives, UNIDO has signed an agreement which involves a joint programme for international co-operation in the development of industrial co-operatives in developing countries. Specifically, the programme comprises: identification of the needs of industrial co-operative movements, provision of technical assistance, transfer of appropriate technologies, organization of training programmes for management and technical personnel, establishment of information services and organization of several supporting activities, such as seminars, workshops and consultations. Among the many activities which have been organized in co-operation with the Polish Central Union of Work Co-operatives, let me mention the in-plant group training programmes. The objective of such programmes is to up-grade the practical knowledge and develop the skills of government officials and managers of co-operative enterprises from developing countries in the promotion,



organization and operation of industrial co-operatives through concentrated training within a relatively short time.

The in-plant training portion of the programme is organized in selected industrial co-operative sectors, such as leather, clothing, furniture and metal industries and enables the participants /particularly the managers of co-operative enterprises/ to familiarize themselves through practical work in the enterprise with the problems and activities related to production techniques, organizational set-up, financial management, standardization and quality control and marketing policy. Another organization which has been very active in its co-operation with UNIDO, is the International Co-operative Alliance /ICA/ which took a major role in the preparation and holding of UNIDO Conference on the Economic and Social Potential of Industrial Co-operatives in Developing Countries, which was held in Arusha, Tanzania, in February 1982.

One of the very important recommendations that resulted from the Arusha Conference was that financial and technical assistance in promoting industrial co-operatives in developing countries, could be extended through international co-operation between national and international NGOs and international organizations. As a response to this recommendation, UNIDO, in co-operation with the Committee for the Promotion of Aid to Co-operatives /COPAC/ is working on a programme which seeks to obtain financial assistance for specific co-operative projects put forward by developing countries. This programme contemplates the identification and contacting of co-operative banks and development aid agencies, which are willing to provide loans at low interest rates and/or small

grants to co-operatives and to small and medium-scale enterprises in developing countries.

The programme would consist, firstly, of the preparation of a roster of co-operative banking institutions and development aid agencies, mainly from Europe, Japan and North America, which would be willing to provide funding to viable industrial projects. The second phase would consist of organizing a meeting between representatives of co-operative banking and development agencies on the one hand, and project promoters from developing countries on the other hand. Such a meeting, scheduled to be held during 1984, should lead to commitments from the participating banking and development aid agencies for assistance in promoting projects and establishing savings and credit schemes in the participating developing countries.

Pending the establishment of special loan schemes and banking arrangements through the above-mentioned programme, industrial co-operative projects identified by UNIDO could further be brought by COPAC to the attention of potential financing sources.

As you can see from the aforementioned activities, UNIDO places considerable importance to the industrial co-operative sector, as - I wish to repeat - industrial co-operatives in developing countries have the potential to play a significant role in industrial development.

I wish to thank our host, the Polish Central Union of Work Co-operatives, as well as the authorities of the Centre for the Promotion of Industrial Co-operatives and Training and Research Centre, Gdańsk, for making possible the realization of this seminar, and to the Committee of Workers' Producer

and Artisanal Societies./CISOPA/ and the Swedish Co-operative Centre, for having kindly accepted the invitation to participate and to deliver a message to this Seminar. I wish all of the distinguished participants success in the presentation of their country papers and subsequent deliberations.

