

NEDAC General Assembly and a seminar on “Information Technology and Computerization of Agricultural Cooperatives with Special reference to SME Development and Business Planning

29 October – 1 November 2003

Kathmandu, Nepal

Section-01

I. INTRODUCTION

1. The Seventh General Assembly of NEDAC preceded by an FAO-NEDAC seminar on “Information Technology and Computerization of Agricultural Cooperatives with Special reference to SME Development and Business Planning” was held at Everest Hotel, Kathmandu, Nepal from 29 October to 1st November 2003. The Assembly as well as the seminar was jointly hosted by the Ministry of Agriculture (MOAC), National Cooperative Development Board (NCDB) and National Cooperative Federation of Nepal (NCF), Kathmandu, Nepal.

Major Objectives

2. The main objective of the seminar was to exchange information and share experiences on Information and Communication Technology (ICT) by agricultural cooperatives and discuss/assess the member country's preparedness for adoption of ICT, develop common standard items/questionnaire for collection/compilation of data/information on agriculture cooperatives with special reference to SME development and marketing/trade issues of agricultural produces for exchange and sharing of information amongst cooperatives at national, regional and global level; the other objective was to determine the training needs of member organizations in the context of WTO agreements on agriculture and other relevant fields including enterprise development and business planning in agriculture cooperatives. The objectives of the General Assembly were: to review the activities undertaken in 2002-2003; approve financial report for 2002-2003; to have NEDAC's new Excom for next two years (2004-2005); to formulate/approve work programme for 2004-2005; to discuss about ways and means for increased membership of NEDAC as well as increased funding support and enhanced collaboration with ICA, IFFCO, ILO, FAO and others concerned with development of agriculture cooperative.

Attendance

3. The seminar and the General Assembly was attended by 26 participants from NEDAC member-organizations in 8 countries (Bangladesh, China, India, Japan, Malaysia, Nepal, Philippines, Thailand). Mr. Shil Kwan Lee, Regional Director, ICA ROAP, New Delhi, India; Mr. Kazuyuki Tsurumi, FAO Representative, Kathmandu, Nepal, attended the inaugural session of the seminar. Mr. Wim Polman, Rural Development Officer, FAORAP actively participated in the seminar and the General Assembly and provided technical backstopping. The list of participants is at **Annex I.**

Opening Session

- 4 The opening session was inaugurated by H.E. Dr. Prakash Chandra Lohani, Hon'ble Minister for Agriculture and Cooperative, HMG/Nepal. Before the inauguration, Mr. Deepak Prakash Baskota, Chairman, NCF delivered welcome address.

Welcome address by Mr. D.P. Baskota, Chairman, NCF

- 5 Mr. Baskota warmly welcomed the participants and expressed gratitude to NEDAC member-organizations and NEDAC-Secretariat for giving the chance to Nepal for hosting the General Assembly Session and the seminar on IT and Computerization of Agriculture Cooperatives. He expressed appreciation to FAO-NEDAC which have been making significant efforts to strengthen and develop agricultural cooperatives as commercially oriented cooperative enterprises. He stated that HMG/N enacted a new Cooperative Act in 1992 by recognizing cooperatives as autonomous independent bodies. The new cooperative legislation brought a dramatic change in the numerical growth of cooperatives rather than qualitative growth of cooperatives. He mentioned that the agricultural cooperatives faced challenges of capitalization, professionalism, adoption and introduction of modern technology, and management efficiency. He also pointed out that the agricultural cooperatives can play a significant role in development of agro-based economy of Nepal and urged HMG/N and international agencies to use them as medium for economic development activities including poverty reduction programmes. A copy of the address is at **Annex II.**

Inaugural Address by H.E. Dr. Prakash Chandra Lohani, Hon'ble Minister for Agriculture and Cooperatives, His Majesty's Government of Nepal

- 6 Hon'ble Minister for Agriculture and Cooperatives, Dr. Prakash Chandra Lohani, His Majesty's Government of Nepal in his inaugural address stated that the people of Nepal and Government of Nepal felt honored to host this Assembly in Nepal for the first time and he extended warmest welcome to all participants.
- 7 He stated that the countries of Asia and the Pacific Region have several common characteristics and one of them is the agriculture sector dominated by small holdings. Due to the growing number of small farmers, more and more people particularly those in mountains and hills, were increasingly forced to subsistence or even below the subsistence level, which deprive them of the benefit of value addition.
- 8 However, small farmers and poor communities are highly vulnerable to all sorts of disasters and disturbances. Against this backdrop, cooperatives appear to be the best alternative strategy to involve people in the development process. The strength of cooperative lies in the fact that they are owned, managed and controlled by the members. A cooperative enterprise gets its distinct identity through its Cooperative Principles evolved out of practical experiences of the founders of the modern concept of cooperation. However, adherence to these basic Cooperative Principles is important for entirely pragmatic reason that a cooperative should be self-reliant. The members must feel that it belongs to them and that its future depends on them.

- 9 He pointed out that the agricultural cooperatives suffer from many weaknesses on account of the fact that their members are economically backward, they are largely state controlled and dependent on state support and have to function under restrictive and at times outdated laws including weak linkages and poor management.
- 10 The challenge before agricultural cooperatives in Asia and the Pacific lies in evolving a mutually acceptable, but balanced framework for interacting with the government. The large number of rural cooperatives in Asia and the Pacific today is due to the support and role of the government, but if these cooperatives have not been able to reach their full potential, that is also due to the role of the government.
- 11 The impact of agricultural cooperatives has generally depended on the extent of members involvement, quality of leadership, government policies and programmes, availability of trained and qualified staff and structural support to serve their members, and help them increase their incomes.
- 12 Agricultural cooperatives, in order to capitalize on their inherent advantages, will need to bring in innovation in their functioning that could enable them to enhance their efficiency, save costs and retain competitive advantage. They should take advantage of information technology for ensuring dissemination of information on cropping and consumption patterns, quality standards, value addition, market intelligence, price movements, weather forecast etc.
- 13 Cooperatives, like any other business organization, need to be flexible and able to change with the circumstances. At present, cooperative organizations all over the world are facing the task of transforming and adjusting them to a new economic and political environment, market oriented conditions and increasing members' demands. This means to learn new production methods, new methods of organization and management, ways to help maintain or increase member loyalty and commitment. This can be achieved through increased participation and the real challenge lies in creating supportive climate and necessary conditions for the success of agricultural cooperatives. He expressed confidence that the discussions and deliberations in the meeting will be very much fruitful for the growth of agricultural cooperatives in this Region. He assured that His Majesty's Government of Nepal would be happy to support the process of viable, tangible and genuine cooperative development. The full text is at **Annex III**.

Statement by Mr. Dinesh Rai IAS, Managing Director, NCDC and Co-Chairman NEDAC

- 14 Mr. Dinesh Rai, on behalf of NEDAC-members, NEDAC-Secretariat and on his own expressed gratitude and appreciation to the National Cooperative Federation (NCF), National Cooperative Development Board (NCDB) and Ministry of Agriculture, HMG/Nepal for their offer to host the seminar on Information Technology and Computerization of Agricultural Cooperatives and the NEDAC General Assembly. He thanked them for their cooperation, support and generous hospitality. He stated that "We are very grateful to Hon'ble Minister for Agriculture and Cooperatives, Dr. Prakash Chandra Lohani, for sparing his valuable time to meet and address the participants. Our special thanks to Mr. Purna Prasad Manandhar, Secretary, Ministry

of Agriculture, Nepal for his unhesitating support to NEDAC. We appreciate the presence of the FAO representative, Nepal and the Regional Director, ICA ROAP, New Delhi, India in this seminar. I wish to put on record our hearty thanks and gratitude to Mr. J.N.L. Srivastava, IAS (Retired), Former Secretary, Ministry of Agriculture and Cooperatives, Government of India, (one of the founder members), for kindly giving his consent to deliver the keynote speech in this seminar".

- 15 He stated that the over all objective of the seminar was not to discuss the status of country programmes of the members or the cooperatives organization/movement but to focus attention on how our combined efforts could be directed to transforming agricultural cooperatives/small farmers' organizations into viable rural institutions for sustainable agricultural/rural development. He emphasized that open/frank discussions during the seminar and lessons learnt through field experience/visits will help us to formulate programme(s) for capacity building in agricultural cooperatives at different levels and in different aspects such as, entrepreneurship development, improved professionalism, technology transfer, services to members, IT and computerization of agriculture cooperatives, networking etc. under favourable policy and legal framework. Agricultural Cooperatives/Farmers' Organizations need to respond appropriately to the changing scenario, otherwise survival will be at stake. FAORAP's Technical guidance and support will always be gratefully acknowledged.
- 16 Referring to the role, relevance and survival of cooperatives in the context of global scenario, Mr. Rai pointed out that agricultural cooperatives should realize that there is no substitute for efficiency. Sustainable agricultural production with food security must be the guiding principle so far as agricultural sector is concerned. In the present scenario, it is more relevant for community-based organizations like agriculture cooperatives, based as they are on voluntarism, self-help, self-reliance to promote IT through use of computers and networking between and amongst cooperatives and private sector. One should face the situation and try to adjust for survival.
- 17 As part of its effort to enhance and enrich member capability, NEDAC is utilizing this opportunity of the General Assembly to have a seminar on Information Technology and Computerization. He hoped that the experience of member-countries and the inputs of this Seminar would be of immense use to the participants. While various IT related aspects would be discussed at length during the Seminar, the network of computerization for networking among cooperatives would be a critical one. Networking of agricultural/agro-marketing/agro-processing cooperatives assumes significance from the point of view of providing a quick and reliable system through which the cooperatives as well as the members have access to information about price movements, market demands, market arrivals etc. Networking among cooperatives would comprise linkage building both at the organizational and functional levels. At the functional level networking is designed to improve efficiency at the farm gate level through integration of various backward services for production and enhancement and forward services for post-harvest, value addition and marketing.

- 18 Networking helps in planning and conceiving national and international trade logistics by harnessing Information Technology (IT). IT can be used with advantage in information management and communications through electronic data interchange vertically and horizontally among manufacturers, suppliers, stores and warehouses dealers and retailers. In today's world no single cooperative can stand in isolation as information is an important and critical input for business success. Our deliberations would hopefully help in drawing up a framework for actualizing networks activities and inter-connectivity among member organizations.
- 19 He wished each and every participant a productive/fruitful meeting and comfortable stay in the beautiful city of Kathmandu. He thanked the host organizations for all arrangements made to make the stay in Kathmandu very enjoyable, memorable and pleasant. The full text is at **Annex IV**.

Keynote Address

Strengthening Primary Agriculture Cooperatives in the Asia Pacific Region: by Shri J.N.L. Srivastava, IAS (Retired) Former Secretary, Ministry of Agriculture, Government of India

- 20 Mr. Srivastava began his address by stating that he, as one of the founder member of NEDAC, felt honored to address the NEDAC General Assembly Session and expressed special greetings to Cooperative Movement of Nepal. He appreciated FAO-NEDAC recent efforts to strengthen the agriculture cooperatives in the Region.
- 21 Mr. Srivastava stated that 1996 World Food Summit (WFS) in Rome set a goal to reduce hunger by 50 percent in 2015 but WFS – FYL (Five years later), held in June 2002 in Rome, found that the target set in 1996 could not be achieved. It became clear that hunger could be reduced only through agricultural and rural development and accordingly priority areas of action were laid on improving agricultural productivity and enhancing livelihood for food security in rural poor communities, conservation of natural resources, expanding rural infrastructure, broadening market access, strengthening capacity of rural institutions for technology transfer/dissemination etc.
- 22 He stated that the present environment offers opportunities for the cooperatives to rejuvenate themselves provided we adapt to the emerging situation and introduce cooperative reform and take advantage of ICT. He highlighted the role of cooperatives as partners in poverty alleviation and economic development. He pointed out that the agricultural cooperatives have proved to be an effective instrument for sustainable food security, poverty alleviation and rural prosperity and employment like dairy cooperatives in India and similar cooperatives in other countries. He expressed some concern that the major challenge before the Cooperative Movement is how to strengthen the Primary Agricultural Cooperatives System. In many countries of the region, cooperatives have been treated as an extension of the government and have enjoyed protection and patronage of the state. In a liberalized and globalized economy, as economies open up and trade barriers are removed both for the internal and external trade, how to maintain the strength of the

primary cooperatives is a major challenge before all of us i.e., cooperative policy makers/leaders and Cooperative Movement.

- 23 Agricultural cooperatives have to move from the regime of protection and patronage to the regime of competition, freedom, autonomy and democratic professional management. A major initiative needed is to develop the primary agriculture cooperatives as multipurpose business entities meeting the demand of the members for which diversification of their activities has to take place in a professional manner. Primary Agriculture Cooperative Societies (PACS) not only have to carry on their traditional role of providing agricultural inputs including seeds, fertiliser, pesticides, agricultural implements, extension, but also have to take up new activities like banking and credit, insurance both general and life as agents of the insurance companies, running the consumer stores, marketing specially contract farming, fruit and vegetable processing and also diversification in the area of services sector. In this process of expansion and diversification participatory approach through education and training of the cooperative members and use of information and communication technology would be required on a large scale.
- 24 But the question arises: how to do it – what is the process and what institutional support mechanism is to be created for this purpose. In India, the IFFCO Foundation, which is a public trust created by Indian Farmers' Fertilizer Cooperative Ltd. (IFFCO), the largest fertiliser giant in cooperative sector in the Asia-Pacific Region has decided to set up Cooperative Development Resource Centres (CDRC) in selected districts in a few states of the country to provide technical and professional guidance to primary cooperatives to strengthen them to expand and diversify their business in a competitive way for sustainable economic development. The strategy emphasizes networking of various programmes being operated for the agriculture and rural development with emphasis on cooperation among the cooperatives and promotion of primary cooperatives and develop Self-Help Group (SHGs) as a subsystem of the PACS.
- 25 The objective of the CDRC will be to develop PACS into a self-sustaining multipurpose viable unit through: (i) Development & diversification of business operations with special reference to banking activity; (ii) Upgradation of managerial skills, i.e., training of paid and elected management & member education; (iii) On-the-job consultancy & guidance, for maintenance of accounts and compliance of various legal/statutory requirements; (iv) Creation of necessary infrastructure & financial assistance for development of business; (v) Diversification of new activities such as agricultural rural credit/banking, processing, marketing, post harvest management, diversified agriculture and networking with cooperative institutions.
- 26 Primary agriculture cooperatives with modern professional guidance would be in a position to achieve the objectives set by the national governments and the UN system, specially FAO in improving the conditions of the resource poor farmers and rural poor and help achieve the goal of a free and prosperous civil society. NEDAC has also developed similar concepts. He expressed that it would be possible to work out a more collaborative approach between FAO-NEDAC and IFFCO Foundation. The keynote address is at **Annex V**.

ICA Statement by Mr. Shil Kwan Lee, Regional Director, ICA ROAP

- 27 Mr. Shil Kwan Lee in his address stated that ICAROAP being one of the founder-members of NEDAC always attended NEDAC meetings in the past and this time, in view of other commitments, it was not possible for him to attend the session for more than one day i.e. the first day of the meeting. He reiterated ICAROAP's support to NEDAC. Mr. Lee stated that agriculture cooperatives which have good network at the grassroot level would be quite effective, if strengthened properly, to face the challenges resulting from liberalization and globalization. He emphasized the potentiality and role of agriculture cooperatives in sustainable agriculture production and food security, poverty alleviation, agro-processing and marketing of agriculture produce. Traditional agricultural production system should be improved through strengthening agricultural cooperatives which should be the common focus of ICAROAP-FAO-NEDAC. ICAROAP would be willing to collaborate with FAO-NEDAC for increased food production and income generating activities through cooperatives. In his address he also mentioned that the farmers of the Asia Pacific region are facing hard time in competing with farmers of Europe and America as the average farm holding size of Asian farmers is 1 hectare, Europeans have 17 and Americans have more than 100 hectares.
- 28 He briefly stated some of the important ICA meetings/activities to be held in Thailand, India and China in 2004 and mentioned that FAORAP and NEDAC would be invited to participate in the ICAROAP meetings/activities.

Statement by Bishwa Bandhu Gautam, Co-chairman, National Cooperative Development Board (NCDB)

- 29 At the outset Mr. Gautam extended heartfelt gratitude on behalf of the organizing committee and on his own to the Hon'ble Minister for Agriculture and Cooperatives, Dr. Prakash Chandra Lohani for kindly giving his consent to be the Chief Guest of the Inaugural Session despite his busy schedule. He extended sincere gratitude to all the distinguished guests, dignitaries, high level officials, delegates and ladies and gentlemen who joined the ceremony and made it a grand success.
- 30 He emphasized that Cooperatives have enormous potential in Nepal where weak economic units predominate. Small units in agricultural business, vast numbers of small and micro enterprises, artisans, laborers, and consumer units cannot derive benefits of the economies of scale. But this shortcoming could be overcome if these small units join together to work in the form of cooperative. Cooperative movement in Nepal began with the holistic objective to augment socio-economic status of the underprivileged rural people. He mentioned that Nepalese farmers benefited through developing the capacity of agricultural cooperatives in producing and preserving herbs and generating substantial income from the sale of the product. Despite various supports by the state to the cooperative, they still lack entrepreneurial capacity to diversify its socio-economic activities.
- 31 In the emerging economic scenario of deregulation, disinvestments of state share in economic enterprises at various levels, cooperative institutions too will have to function more as business organizations, be it in agricultural marketing, agro-based

industries or member services. They will have to respond to marketing opportunities and undertake viable business through competitiveness.

- 32 Mr. Gautam hoped that this seminar on IT and Assembly would look into the problems of the agriculture cooperatives and the outcome of the discussions/ deliberations will be helpful to the development of agricultural cooperatives. The statement is at **Annex VI**.

Vote of Thanks by Mr. Rishi Ram Lamichhane, Member-Secretary, National Cooperative Development Board, Nepal

- 33 Mr. Lamichhane extended vote of thanks and heartfelt gratitude to the Hon'ble Minister for Agriculture & Cooperatives, Dr. Prakash Chandra Lohani, who gave his consent to be the Chief Guest and inaugurate this program despite his busy schedule. He also extended cordial greetings and thanks to all the Excellencies, the distinguished high level officials of His Majesty's Government of Nepal, dignitaries, distinguished delegates, ladies and gentlemen present in the seminar.
- 34 He stated that the cooperatives have always been considered as catalysts for rural development. The strategy of agricultural cooperative development consists of creating conditions for the growth of cooperatives and designing measures for improving their operational efficiency with a view to benefiting the farmers, particularly the small farmers. However, the cooperatives are largely dependent on government support and suffer from members' participation, weak linkages and weak management.
- 35 He stated that though the progress of computerization in Nepal is slow and behind many countries of this region, the Seminar on Information Technology will provide guidance for enhanced computer use in Nepal. Computer networking and linkages are expected to promote exchange of information & experiences on professional management, technological upgradation and development of business enterprises.
- 36 He hoped that the outcome of the seminar will be useful to all agricultural cooperatives which will become better equipped with improved capacity for development. The full text is at **Annex VII**.

Adoption of the Agenda and Time Table

- 37 With the permission of the Co-chairman, NEDAC, Mr. W.I. Khan briefly stated the procedure, the agenda and the time-table of the seminar and the General Assembly. As was suggested by some members, the date and time for the agenda item on "Election of new Excom Members" was postponed from 29th October 2003 to 1st November 2003 which date was exclusively earmarked for discussion of all NEDAC General Assembly matters. A copy of the programme is at **Annex VIII**.

II. TECHNICAL PAPERS

01) Information Technology in Network Development of Asian Agriculture Cooperatives: by Mr. K.L. Nalwaya, NCUI, India

38 In the present economic scenario, the agriculture cooperatives of the region are facing lot of challenges and passing through a tough time to stabilize and compete with other segments of the economy. One of the important reasons is that agricultural cooperatives suffer from non-availability of timely market information and feed back from the upper tier. Poor decision making process due to absence of modernization and transfer of technology and lack of infrastructural facilities are pushing cooperatives to the back seat. Whereas the cooperatives have the largest institutional network spread from grass root to national level.

Need of Technology:

39 The need of modernization of agriculture cooperatives have also been visualized by the planners, policy makers and user organizations at national and internal level on several forums. But due to poor resource base, un-affordable technology and absence of basic infra-structural facilities, a large number of Asian cooperatives at grass root level could not transfer the technology. But with the passage of time, technology has reached within the affordable limit of some cooperatives. This is a high time for the cooperatives not to miss the opportunity in deployment of technology otherwise there will be too big gap and may be very difficult to bridge.

Importance of Asian Agriculture Cooperatives and their Limitations:

40 Besides protecting the interest of farmers, the objectives of cooperatives are to ensure agriculture production, promote self help groups/SMEs as well as to promote ancillary activities such as dairy, farm forestry, poultry, fishery, bee keeping and many more areas. The size and business volume of Asian agriculture cooperatives have increased in the recent years, but the technology transfer have not taken place in true sprit. The cooperatives of the region are largely rendering services in meeting the need of farmers particularly in credit, inputs, consumer goods, marketing, procurement, storage of agriculture produce and value additions to ensure better price to farmers and improving their living stands. The contributions of cooperatives are witnessed by their participation in the green revolutions and white revolutions in India and number of Asian countries. The contributions in their food security are another example, despite many unfavorable conditions. But farmers are not fully protected including reasonable price of their produce. Due to restrictive market, absence of market information and procedural and legal restrictions on movement of the produce etc. the cooperatives do not get the reasonable price of their produce.

41 The planning in marketing of agriculture produce in the cooperative sector has to be made on the basis of data available on production, supply, demand and market prices of the produce. Therefore, without improving upon the effective planning, monitoring and market information system, the sustainable development can not be

ensured. Hence it is necessary to strengthen the MIS, effective monitoring system and regular market information network for cooperatives.

Future Prospects and Need for Technology Transfer:

- 42 While analyzing the above aspects and importance of the agriculture cooperatives, it is visualized and proposed that cooperatives can no longer afford to delay the deployment of technology (computerization and usage of relevant IT applications). But for any change in environment, the organizations will have to be prepared to face some challenges during the stabilization period. Similarly, for transfer of technology in cooperatives, the management and officials must accept that:
- a) Every future business will be an information business;
 - b) First driving force should be to influx technology;
 - c) With the giant leap forward, bypassing intermediate technology, has to be taken up now;
 - d) Adopting technology will be challenge in HR, in training the workforce, educating leaders, and management;
 - e) Must look for infrastructure support that is not evenly available across their large networks.
- 43 In order to meet the challenges of the open economy and to fulfil the aspirations of farmers, as well as to overcome the short comings of cooperatives like weak customer relationship, poor decision-making, weak information and monitoring system, lack of planning and to actualize the vast agriculture potentials and effective use of resources etc. the cooperatives will have to find a solution through transfer of technology and building professionalism. Therefore, the strategy of IT should be used for setting up of database at the institutional level, hosting online website, enriching the web site with useful information and developing portal of cooperatives and linked to network for effective usage. These applications of each national cooperatives will be linked to regional network to work as a regional portal and will be the gate ways of all the problems to bring professionalism in cooperatives.

Action Points:

- 44 With a view to design effective regional network the following action points are required to be taken up:
- i) Identification of national cooperative agency responsible to coordinate and provide the information on cooperative development;
 - ii) Identification of the information/items of mutual interest such as name of commodities, quality, quantity, price, sales procedure, method of delivery, overheads, handling charges, legal information etc;
 - iii) Level of computerization at primary, block, provincial and national level cooperatives and use of their applications;
 - iv) Existing system of cooperative information and their working environment such as windows/Linux and specific RDBMS used;
 - v) Existing system of reporting of information/data on cooperative development (whether manually computerized from primary to national level, periodicity of reporting and monitoring mechanism);

- vi) Security system of information and how the information are accessed by users. Is there any portal available in the country, if so their website address;
- vii) Is there any market information system available for cooperative, if yes, how many commodities are being monitored, who are the users, whether farmers are having access to these information at village level or higher level;
- viii) Whether these information are free or purchased by the farmers;
- ix) Whether there exist a centralized database of agriculture cooperatives and linkages of other lower tiers through a system approach; and
- x) Whether the existing software/package developed is in local language or also available bi-lingual i.e., in English.

What should be the common software of the network and suggest the front end and back-end recommended application.

02) IT Programme for Cooperative Development in the Philippines: by Dr. Virginia A. Teodosio, CDA, Philippines

- 45 Cooperative Development Authority (CDA), the lead agency in cooperative development has the responsibility to monitor and measure the impact of relevant projects and programmes in rural development in general and cooperative sector in particular. CDA focuses its attention to collect vital information for: i) rehabilitation/strengthening of weak cooperatives; ii) to cancel non-operating cooperatives; and iii) to merge/consolidate cooperatives into viable and economic enterprises and thereby bring about strong cooperative movement in the country.
- 46 CDA has plans to study the impact of cooperatives or its contribution to the economic development of the country measured in terms of its share in the GDP (Gross Domestic Product). CDA is also interested to measure or collect information on number of individuals employed in the cooperative sector and also the amount invested by cooperatives in the economy. CDA therefore intends to use computers and information technology in both hardware and softwares to facilitate collection/compilation and dissemination of correct and timely information.
- 47 In addition to the economic impact of cooperatives, there is a need to establish whether benefits of cooperativism indeed trickle down to its individual members. Such information is deemed vital for determining the affectivity of cooperatives as instrument of social justice, equity and sustainable development. Where cooperatives are the ones becoming richer and the members remain poor, then the strategic question will be: Are cooperatives the real engine for the lot of the poor Filipinos most of whom are in the countryside? This question has implication in the strategy and policy on how to combat and eliminate poverty in the country.
- 48 Monitoring of 65,614 registered cooperatives (as of June 30, 2003) in terms of their compliance with the Cooperative Code also requires a monitoring tool for efficient and effective management of vital information relevant to the regulatory function of the agency.

49 The CDA will have the following Information Systems:

a) The Integrated Cooperative Information System:

This system will be linked in such a way that information/data can be generated on time. This will be developed by an IT consultancy company. The whole operation will be concentrated in the CDA Central Office (MIS Section). Enhancement of the existing systems will be the pilot module for implementation and the pilot area will be CDA Central Office and CDA-Manila Extension Office. This will be composed of the systems listed below:

- 1) *Cooperative Registration Information System (CRIS)*: this is designed to give the complete list of all registered cooperatives in the country, their type, capital structure, kind of business, commodity involved, thus providing their respective profiles and other information which are relevant to the needs of both developmental and regulatory functions of the CDA;
- 2) *Cooperative Annual Report Info. System (CARIS)*: this is designed to monitor all cooperatives in terms of their compliance to the submission of annual reports. This system will be able to generate information which are relevant for policy consideration and development of appropriate programs and projects for cooperatives as well as formulate strategies for cooperative development;
- 3) *Cooperative Classification Information System (CCIS)*: this is designed to classify all cooperatives based on their actual business operations. The inspection working paper is the basis for data capture from the cooperative records of Annual Report, Books of Accounts, Journals, Ledgers, Minutes of the Meetings, etc. Other data processing and generation are also included in this system.

b) E-Commerce Program for Cooperatives

50 The three major sectors (Agri-Fishery and Forestry, Industry and Services) in cooperatives are designed to prepare the members for a wide range of job opportunities since most of the jobs in the country are agri-industry service related. Introduction of e-commerce will facilitate trade through the use of different Information and Communications Technology (ICT) such as the internet.

51 Cooperatives will be trained to do business over the internet whether it be member farmers purchasing agricultural inputs electronically, consumers ordering basic goods/necessities from their local cooperatives, cooperative banks and credit cooperatives allowing their members obtain loans or purchase mutual funds, or cooperative insurers offering policies on-line.

Database on Agricultural Cooperatives

52 Information/data on the agricultural cooperatives are gathered by the field personnel, collated at the regional office and consolidated by the Management Information Service of the CDA. With a view to boost the promotion and development of business enterprises among agri-based cooperatives, the agency is designing survey methodology to determine the needs of the cooperative, their problems and more importantly come up with a directory of cooperatives and its products.

- 53 There are constraints in the gathering of data that challenges the innovativeness of CDA personnel. In most cases, members of agricultural cooperatives lack the necessary training and education to fully comply with latest Information and Communication Technology (ICT). In addition, most agri-based cooperatives are located in the remotest area where the application and use of softwares may not be possible due to the absence of network provider. Further, the high cost of computers/communications paraphernalia inhibits most agricultural cooperatives from compliance with ICT.
- 54 The use of ICT by the agricultural cooperatives in the Philippines is still not very satisfactory compared to some other Asian countries. About 2.4% of the total operating cooperatives nationwide utilize ICT. This is a good start. More importantly, there are private sectors that help cooperatives to be competitive enough to penetrate the market with the use of Internet. At present, a total of 110 agricultural cooperatives nationwide are members of a marketing network (website) b2bpricenow.com where membership is free, posting of agricultural products as well as buying and selling of products by members can be done on time by access to the website. There is also the eSMExchange.com which facilitate exchange of information between/among SME in a cost-effective way.

03) Capacity Building and Improving Capabilities of Agricultural Cooperative Business Enterprises: by Dr. Daman Prakash, Resource Person

- 55 Cooperative institutions, large or small, in order to compete effectively and to stay on the market and remain in business need to give ‘another’ look at the methods and techniques used by them. They have not only to learn from the experiences of ‘others’ but also to bring in innovations so that benefits could be delivered not only to the owner-members but also the users. A cooperative stays in business only if its services are used frequently. If the services are not used by members cooperative enterprise destroys itself. There are several methods to build their performing capacities and to improve their operational capabilities. Training and education is the basic foundation on which the cooperative enterprise could be built and sustained.

Cooperatives are Business Organizations

- 56 The Cooperative Identity Statement emphasizes that cooperatives are business organizations and that they have to be run in accordance with the norms of a business enterprise. Cooperative institutions thus qualify to be the best and most comprehensive business institutions which allow the rich and the poor, farmers and non-farmers to satisfy their social and economic needs and aspirations.

Four Essential Windows of a Cooperative Enterprise

- 57 A cooperative enterprise, like any other business organization, has a set of stakeholders, management, production and distribution activities, credit facilities and linkages with the market and general public. All cooperatives, in accordance with their byelaws, also establish essential services which they expect their members to make use of. These four windows or services are: a) Marketing of produce of members; b) Supplies of raw material and inputs to members; c) Credit facilities to

the members; and d) Provision of advice and guidance to members. While trying to build its capacities and capabilities, a cooperative must strive to improve these four services, expand them as per the requirements of the members, and make them efficient and effective.

58 To build capacities and improve capabilities, cooperative institutions must make use of the followings:

(i) **Training and Retraining of Staff and Decision-Makers:** Training and retraining of employees and decision-makers by making use of training institutions (within the cooperative and/or other sectors). Such an effort includes: induction training, orientation, on-the-job training, refresher training, appropriate training material and exposures. In the Asia-Pacific Region there are ample well-placed cooperative training institutions which, with appropriate modifications and improvements, can help in capacity building of cooperative institutions;

59 In addition to the institutional framework of cooperative training institutions there are several in-house or institutional training and development opportunities. These, among others, include: in-house staff training and development services; training of managers of agricultural cooperatives in risk management; formation of Self-Help Groups to expand micro-credit services etc. In capacity building and improving capabilities of cooperative enterprises, capability of training institutions need to be improved.

60 (ii) **Application of Modern Methods of Management:** Cooperatives have a long history of nearly 150 years. They have been active in credit disbursement, consumer supplies, marketing of agricultural produce, supply of raw materials/ farm inputs, agro-processing, dairy and sugar, textile, warehousing etc. With the constant changes taking place in market mechanism, cooperative enterprises along with the public and private enterprises have been adjusting their methods and techniques. While the changes have been quick at the private business level, cooperative enterprises have been slow to move from the traditional business mode to the modern business management methods. Some of the important factors which help improve business and management are: spontaneous response to market needs and use of market information; strong and reliable networking and linkages and; computerization.

61 (iii) **Linkages and Networking:** This is another element which helps strengthen the primary level cooperatives. The primary level cooperatives get together to form a union or a federation with the aim of achieving their objectives collectively and by working together not by competing with each other or under-cutting each other. Federations develop capacities and capabilities within their own organizational structures to provide skills, information, networking and guidance to their constituents so that the primary level cooperatives benefit and earn higher incomes which would naturally help strengthen the capabilities of federations.

62 So long as the federation continues to look after the interests of its constituents, every body benefits – the primary level organizations are able to market the products of their members and provide them with all the needed supplies, the members get more economic returns and the federation itself becomes stronger. As soon as the

federation begins to compete with its own constituents, the business relationship begins to erode and the federating constituents start losing their interest in their own federation. Networking, cooperation, collaboration, mutual help are some of the key factors for strengthening the primary level organization. Competition between the federation and its constituents is a sure roadblock which should be avoided at all costs.

III. SUMMARY OF PAPERS

Bangladesh

63 Bangladesh is basically an agricultural country. About 80-85 percent of its total population live in villages and almost all of them directly or indirectly depend on agriculture. Agriculture sector employs 65-70% of the labor force and contributes around 32-35 percent to the Gross Domestic Product (GDP) of which 12-14% contributed by cooperative farmers. Agriculture sector in Bangladesh consists farming (73%), fisheries and livestock (20%) and forestry (7%). Cooperatives have been promoted in Bangladesh for rural development in general and agricultural development in particular. In the constitution of Bangladesh, the cooperatives has been given the status of second important sector of the national economy and the cooperatives especially agriculture cooperatives have been playing significant role in increasing agricultural production. Agricultural cooperatives are rendering about 25% of irrigation services by installing deep tube-wells, shallow tube-wells and low lift power pumps, distribute about 25% of fertilizers, 20% of pesticides and 40% of irrigation machineries and equipment through their primary cooperative societies. The following are the cooperatives under the agricultural sector:

National Level

Bangladesh Samabaya Bank Limited
Bangladesh Samabaya Marketing Society Limited
Bangladesh Milk Producers' Cooperative Union Limited

Secondary Level

Central Cooperatives Banks
Central Cooperative Multipurpose Societies
Central Sugarcane Growers' Cooperative societies
Thana Central Cooperative Associations

Primary Level

Cooperative Land Mortgage Banks
Union Cooperative Multipurpose Societies
Sugarcane Growers' Cooperative Societies
Krishi Samabaya Samity (Traditional Cooperative) under RCS
Krishak Samabaya Samity under Bangladesh Rural Development Board (BRDB)
Milk Producers' Cooperative Societies
Salt Producers' Cooperative Societies
Landless Farmers' Cooperative Societies

64 There are two streams of cooperatives in the country, one, representing the traditional form of cooperatives and the second, reformed cooperatives otherwise

known as 'Comilla-Type Cooperative' established by the Bangladesh Rural Development Board (BRDB). Comilla-Type Cooperative is a two-tier system – primary cooperative society and Thana Central Cooperative Association (TCCA). A Thana in Bangladesh is an administrative unit with about 150000 population and area of 100-150 square miles. Under the Comilla-type model the Associations provide credit and other services to the farmers through primary cooperatives and also provide regular training to the members. The members make regular optional and compulsory deposits with their cooperatives to make their organizations economically viable. The number of such cooperatives stood at 57,583 as in March 2001.

- 65 The traditional form of cooperatives is promoted and supervised by the cooperative department headed by the Registrar of Cooperative Societies (RCS). This is a three-tier system- primary-secondary or central society – the National (Apex Society). After the independence of Bangladesh, cooperatives were considered as important institutions to achieve the objectives of the goals of socialism, as a result the number of cooperatives had increased to 52,489 in 1976. However, with the passage of time these cooperatives were not able to perform satisfactorily. Consequently many of them were placed under liquidation. As in March 2001, the number stood at 16,450.
- 66 All along the government has been a contributory factor in the organization and development of agricultural cooperatives in the country. Adopting of the cooperative principles, mobilization of the rural poor training for awareness raising, skills development, leadership, management capability, and access to credit were provided through cooperative.
- 67 To simplify the cooperative legislation and to ensure greater freedom to the cooperatives, the Cooperative Societies Law was enacted in July 2001. The new law focused on the rights of members, provision of retirement of one-third members of the managing committee each year, simplification of registration procedures, and exemption of some of the rules for self-financed cooperatives.
- 68 The new Cooperative Development Policy 2001 features the following strategies:
- Increasing the role of the Cooperative Movement, as a second sector in the Government Development Plan/Programme;
 - Ensuring the participation of disadvantaged groups;
 - Increasing the role of cooperatives in providing employment in rural areas;
 - Participation of cooperatives in poverty alleviation programmes;
 - Ensuring easy access to education, healthcare and nutrition programmes;
 - Strengthening the institutional framework of cooperatives;
 - Cooperatives to become self-reliant and self-managed;
 - Ensuring cooperatives to become more democratic and autonomous institutions;
 - and
 - Ensuring that cooperatives deliver better and efficient services to their members.
- 69 The following are institutional sources of agricultural credit in Bangladesh:

- a) Bangladesh Krishi Bank (BKB) a government sponsored agricultural development bank, which is the principal Agency for lending agricultural credit in the country.
- b) Nationalized Commercial Banks (NCBS) which includes Sonali, Janata & Agrani Bank.
- c) Bangladesh Samabaya Bank Ltd (BSBL) a national apex cooperative bank.
- d) BRDB also provide credit support through Thana Central Cooperative Association (TCCA) and Krishi Samabaya Samity (Agricultural Cooperative Society) with financial assistance of BSBL, Sonali Bank and different donors.

70 Some of the main problems faced by agricultural cooperatives are:

- a) The apex, secondary and primary cooperatives are independent organizations. The apex cooperative society has no administrative control over the secondary level societies and similar is the position of the secondary societies over primary societies;
- b) Board of Directors is elected/nominated for three years, which is not a long time to make any effective plan for improving its operational and financial position;
- c) The budget prepared by the society requires approval of the concerned cooperative officer which takes long time and thereby hampers the operation of the society. Proposed budget of the society is sometimes curtailed by the cooperative officer which also create problems in the operation of the society.
- d) For developing cooperative movement there is no appropriate economic planning in various stages of cooperative organization and in most of the cases there is lack of efficient management.
- e) The above mentioned problems create non-homogenous atmosphere among the various levels of the societies. Besides above, other major problems are: small size and low membership of primary societies, domination of Rural Power-elite in the management of Cooperatives, poor financial performance and poor loan recovery performance.

71 Training facilities on cooperative are as follows:

- a) Bangladesh cooperative academy in Comilla and other 9 (nine) zonal institute give training to cooperative government officials and cooperators funded by government and cooperative development fund.
- b) Member education training is given by Bangladesh National Cooperative Union in collaboration with 64 District Cooperative Union funded by cooperative development fund and member education fund.
- c) Bangladesh Rural Development Board provide training through their own 9 institute in different places in Bangladesh funded by government.

72 In order to improve the quality and skills of managers and elected leaders, cooperative training and member education programmes should be strengthened/expanded. For this purpose the government should provide funds and other supports.

- 73 Some of the recommendations for capacity building in agricultural cooperatives are: There should be a national policy on subsidies & facilities for small and marginal farmers; Linkages in production and marketing be established; Credit should be linked with marketing; Warehousing, processing and marketing facilities be created near growth centres; Government to provide funds for developing infrastructural facilities; Elimination and amalgamation of weaker cooperatives in more viable ones; Donor agencies and NGOs should support and help strengthen agricultural cooperatives.

China

- 74 The framework of cooperatives in China falls into the regime of “one government department and four category cooperatives’ system. One government department deals with macro-regulation on cooperatives by the state with the unified responsibilities and functions assumed by the Ministry of Agriculture. The State Council has established a department of guidance for rural economic cooperation inside the Ministry of Agriculture, which conducts research on legislation and policy for cooperatives, and responsible for collecting and documenting the relevant information on the organizational structure, membership of cooperatives and state of management. The department also involves in addressing the problems which occur during the process of development. The system of four category cooperatives refers to community cooperatives, specialized cooperatives, supply and marketing cooperatives and credit cooperatives which are independent from each other, thus forming their own system.
- 75 Now there were 5.3 million community cooperatives at grassroots’ level; there are 153,000 specialized cooperatives of various kinds across the country and the total number of members of various specialized cooperatives is 5.38 million. There were 26,000 supply and marketing cooperatives at grassroots’ level and 33032 credit cooperatives at township level.

Services provided to cooperatives, including self-service and service by the State

- 76 The self-service by the cooperatives refers to the services provided at the grassroot level by cooperatives including the services in the areas of technology, information and finance. Services provided to cooperatives by the State are mainly through government institutions at various levels. The State has set up the General Station for Administration on Rural Economic Cooperation within the Ministry of Agriculture. This general station has set up different divisions and specialized units for providing relevant services to cooperatives.

Collection and utilization of information for cooperatives

- 77 There are two sources of information for cooperatives. One is statistics from government departments and the other is statistics collected by joint cooperatives on its members. The cooperatives use computer to manage their information since the 1990s. According to statistics, there are currently 530 counties in China who have been applying computers to manage the work of community cooperatives, and there

are 59 townships who have managed to be integrated to the network for community cooperatives at the village level and there are 76 villages that have the access to the computer network for community cooperatives at grassroots level.

Cooperatives' training and education program

- 78 The Chinese Government has taken training and education as important means for consolidating and developing the cooperatives undertaking. Since the middle of the 1950s, training courses in accounting, extension of advanced technology and exchanges of experience in operation and management have become the major components for training and education of cooperatives. The specialized cooperatives also hold technical training courses, such as training in production, processing, packaging and storage for its members according to the requirements of industrial development and different production seasons. Most training is conducted in cooperatives at grassroots level.

Current state of reform and its problems and solutions

- 79 In the past 20 years, two great achievements have been made by community cooperatives' reform. One is the implementation of household contracting system, which provides legal recognition and protection for rural households' right on independent management. The other is the separation of government's functions from cooperatives. Every cooperative has its own independent collective ownership. And the ownership system of some cooperatives has been reformed into shareholding system, which further clarifies the share of cooperatives' assets for each member. The reform of supply and marketing cooperatives is mainly reflected in the field of management and marketing. Cooperative's independent management is responsible for their own losses and gains on the basis of meeting market requirements. Credit cooperatives' reform is moving slowly in China, the major objective for cooperatives' reform now is to improve the way to grant loans. The extension of small-credit has provided convenience and easy access by farmers and promoted the development of agriculture and rural economy.
- 80 However, cooperatives' reform is still lagging behind on the whole comparing with the requirements of economic and social development. There are still problems that should be addressed as soon as possible. In order to meet the urgent requirements for economic globalization and information-based society, China has the following major tasks to perform:
- (a) The legalization/legislation work for cooperatives should be finalized as soon as possible;
 - (b) The *Regulations on Specialized Cooperatives Models* should be formulated. Pilot management program for different specialized cooperatives should be organized and established;
 - (c) The intensive training on the concept and management of cooperatives should be carried out;
 - (d) The information network for cooperatives should be developed and established. This will facilitate exchanges of information among cooperatives to share

information among government, economic departments, cooperative research institutes and other concerned agencies;

- (e) The management of cooperatives should be constantly updated and enriched by reference to modern enterprise development and successful combination of principles of cooperatives and business enterprises.

India

Trends in Development of Indian Cooperative Movement

- 81 India has a total of 542,233 cooperative institutions of all types at different levels with a combined cooperative membership of 220,608,417. Out of them there are 150,863 agricultural cooperatives engaged in credit business with a combined membership of 157,147,410. There are 147,665 such agricultural cooperatives which do not engage themselves in credit business but deal with agriculture and agriculture-related activities e.g., processing and marketing. Their total combined membership is 25,169,303. Thus, there are 298,528 cooperatives (56% of the total) which deal with agriculture and agricultural-related matters with a combined membership of 182,316,713 (82% of the total).
- 82 Cooperatives have covered 100% of villages and 67% of rural households. Cooperatives are contributing about 50% of total agricultural credit and are distributing 35% of total fertiliser consumption in the country. They are producing 60% of total sugar output. They are playing a crucial role in the agro-processing sector reflected by processing of sugarcane, milk, cotton and oilseeds etc. dairy cooperatives have excelled in their area of operations and have enabled India to attain top position in milk production in the world. The edible oil marketed through cooperative channels is estimated at 50% and handlooms in cooperatives account for 55% of the total.
- 83 The agro-credit cooperative system has a three-tier structure for meeting the short-term credit needs of farmers for seasonal agricultural operations and a two-tier long-term credit structure for meeting their investment credit requirements. The overall credit structure is well-dispersed with the primary agricultural credit societies along numbering 0.1 million with a total membership of 110 million farmers. The marketing cooperatives with a presence of over 8,800 units at the grassroots level with federal units at state and national levels and a membership of over 5.1 million agro-producers seek to eliminate their exploitation by ensuring them a remunerative return for their produce. The agro-processing cooperatives which incorporate features of forward and backward integration on the other hand ensure maximization return to farmers through value addition. Their coverage extends to several commodities, the most important being foodgrains, sugarcane, cotton, oilseeds, fruits and vegetables and plantation.
- 84 India's national policy on agriculture aims at accelerating the growth of agri-business through strengthening rural infrastructure and value addition facilities. It also seeks to secure a fair standard of living for farmers and agricultural workers. In achieving

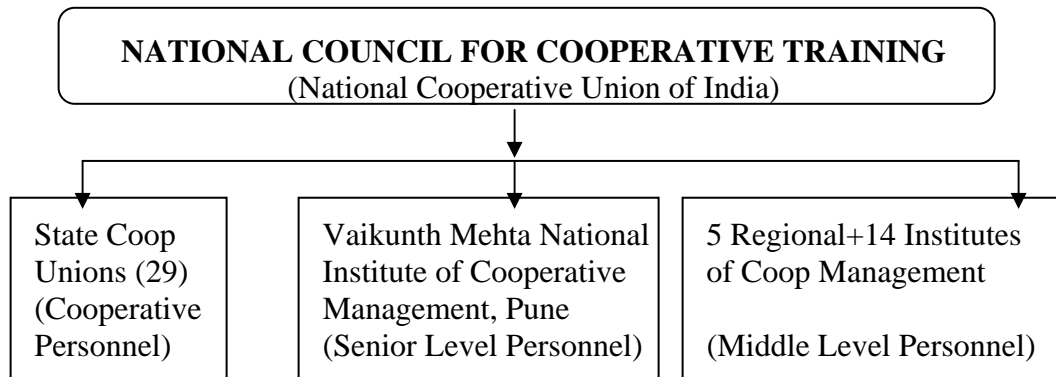
three objectives, the agricultural cooperatives have been given a special place. Under the national cooperative policy recently announced by the Central Government, the States will have a pro-active role to promote growth of cooperatives as institutions based on self-help, self-responsibility, democracy, equity and concern for the society at large.

- 85 These policy announcements have been accompanied by measures for reform of cooperative law. The Central Government as well as several state governments have passed new cooperative laws that confer on cooperatives autonomy in management and freedom in decision-making. There will be less intervention from the Registrar of Cooperative Societies. Elections have been made mandatory.
- 86 The agriculture sector is witnessing diversification into horticulture, floriculture, plantation and other crops where the farmer perceives a better return for his investments and labour. Agri-business cooperatives with their transaction cost advantages and competitive edge in the market can capitalize on the merging situation. With their vast network and reach, they can also undertake a variety of services like healthcare, education, housing and insurance for which there is large demand both in the urban and rural areas with guidance and assistance from a number of developmental institutions like the NCDC.

Training for Capacity Building in Agricultural Cooperatives in India

- 87 India's cooperative sector is equipped with a network of training and education infrastructure within and outside the cooperative fold. But considering the huge number of cooperatives and their membership there is enormous pressure on the existing infrastructure. There is urgent need to enhance these facilities, upgrade trainers' skills and provide opportunities for more and more personnel and members to receive formal training and education. An issue is concerning collection and collation of data/information of cooperatives. While a number of government departments, institutions and agencies are involved in this task, their efforts need to be integrated. This should be possible through use of modern techniques especially IT.
- 88 There are a number of areas which need coordinated attention of all the players for capacity building of agricultural cooperatives. The more important of these are: Mobilization of capital; Business development; Institutional development; Provisions of cooperative support services; Partnership and joint ventures; Upgradation of technical competence; and Manpower development and training.
- 89 The apex of the Indian Cooperative Movement is the National Cooperative Union of India. National level federations of all sectors are members of the Union. The Union also operates world's largest training network. Under its National Council for Cooperative Training (NCCT) there are 20 management-training institutions (one national level, and 19 regional and provincial level). Under the State Cooperative Unions there are 91 cooperative training centres which provide training to the junior level cooperative personnel.

- 90 The focus areas of NCUI's education projects are: Revitalisation of weak cooperatives, formation of new cooperatives, business development planning, expansion of membership, farm guidance, women empowerment through self-help groups, and community development.
- 91 The training programmes for cooperatives is conducted by the NCUI through its NCCT. Training programmes are also offered by various federations and other institutions to satisfy the HRD needs of various sectors. The organization of cooperative training programmes is shown in the following diagram:



- 92 The programmes offered by the NCCT include: 2-years MBA programme; 2-years MCA Programme; 2-years PGDBA Programme; 6-month/9-month Higher Diploma in Cooperative Management; Sectoral Diplomas (in Banking, Marketing, Consumer Cooperatives); 3-5 days Management Development Programmes; and various seminars, workshops, conferences and consultancy and research services.

JAPAN

Japan's Agricultural Cooperative Movement

- 93 Agriculture in Japan is supported by some 3.8 million farming population, representing 4.4% of total Japanese working population which number 63.9 million in 2001. The number of farming population has been steadily decreasing. Gross agricultural product is 5.5 trillion yen which occupies 1.1% of GDP in 2000. In Japan, agricultural cooperatives are organized in crops, livestock and dairy sectors under the agricultural cooperative society law. Fisheries cooperatives and forest owners' cooperatives are organized under the respective laws.
- 94 The mainstream of agricultural cooperative movement is a multi-purpose type cooperative providing various services to members as follows:
- (1) Providing educational programs for improving agricultural technology and operations, enhancing living standards, and promoting cultural activities (Education and Public Relations, Guidance on Farming and Better-Living);
 - (2) Operating farmland entrusted by members (Entrusted farmland operations) including overseeing farmland trust holdings (Farmland Trust);

- (3) Marketing, storage and transport of agricultural products (Marketing) and supplying production materials and essential goods (Purchasing);
 - (4) Providing loan for agricultural production and living expenses and accepting deposits (Credit) including mutual life, fire automobile and building endowment insurance (Insurance);
 - (5) Establishing agricultural production and processing facilities for joint utilization (Utilization), etc.
- 95 The total number of primary multi-purpose agricultural cooperatives is 1,039 in the end of March 2003, and 1,181 in the end of March 2002. The total number of their membership is 9.0 million individuals (6.2 million of regular members and 3.8 million of associate members) and 85,000 groups in 2001.
- 96 Almost all farmers in Japan are members of primary multi-purpose agricultural cooperatives which cover all cities, towns and villages throughout the country.
- 97 ***The Latest Developments in Cooperative Legislation:*** The agricultural cooperative society law was amended in August 2001 to support voluntary efforts for organizational development of Agricultural Cooperative Movement. The main points are: A juridical person who conducts farming can become a member of primary agricultural cooperative as same as a family farmer; A primary agricultural cooperative which implements a credit business must have 3 or more fulltime executive directors and at least one of them must be in charge of a credit business only; Post concurrence of fulltime executive directors is more restricted; A non-regular-member can become a member of the management and administration board of a primary agricultural cooperative; A federation of primary agricultural cooperatives must establish the management and administration board; JA-ZENCHU can establish a model by-law which had been established by the government; The auditing activity of JA-ZENCHU and the prefectural unions is expanded and strengthened.
- 98 ***New Areas of Business Development in Agriculture Cooperatives:*** Primary multi-purpose agricultural cooperatives in Japan are making efforts to meet the diversifying needs of their members by strengthening their ties to rural communities as the provider of farming and living services and expanding activities to reflect the changing face of their constituency.
- 99 JA-ZENCHU is also implementing a management analysis study on selected primary agricultural cooperatives every year in cooperation with the Division of the Ministry. The contents of the study are: (a) outlines of cooperative; (b) number of officials and employees and their disposition; (c) financial situation; (d) surplus and deficit; (e) profit and loss by business sector; (f) situation of credit, insurance, marketing and purchasing businesses and guidance activities. The total of 80 to 120 primary cooperatives are usually selected from 4 areas (urban area, urbanizing rural area, hilly and mountainous area and rural area) and 4 groups – small-scale (number of member households is less than 1,000), medium-scale (from 1,000 to 3,000), large-scale (more than 3,000) and huge-scale (more than 5,000).

- 100 ***Activities on Education and Training:*** Education and training activities for officials and staff of primary agricultural cooperatives are mainly conducted by training centers of the prefectural unions. The Agricultural Cooperative Society Law was enacted in 1947 and more than 12,000 primary agricultural cooperatives were established throughout Japan from 1948 to 1949. There were huge needs to train officials and staff of newly established cooperatives urgently so that all of the prefectural governments started training by utilizing existing facilities and after that they built specialized training facilities for agricultural cooperatives to expand their training programs.
- 101 In the late 60's and early 70's, primary cooperatives made progress in management and capability of prefectural unions, which were established in 1954, was strengthened to carry out training programs by themselves so that the specialized training facilities for agricultural cooperatives owned and run by the prefectural governments were transferred to the respective prefectural unions and after that those facilities were being managed by the unions.
- 102 JA-ZENCHU has conducted training courses in its own facility for officials and staff of prefectural unions to make them instructors of the training courses in their prefectural union. In addition, JA-ZENCHU has managed the "master course for management of agricultural cooperatives." which is a one year training course for middle class staff of primary agricultural cooperatives. This course is conducted in cooperation with the business school of Keio-gijuku University.
- 103 National and prefectural federations have conducted various training courses on business activities (credit, marketing & supply, mutual insurance, health & welfare, etc.) for officials and staff of primary agricultural cooperatives. Training and education for members of primary cooperatives is usually carried out by primary cooperatives.
- 104 ***Basic Study on Agricultural Cooperatives in Asian Countries:*** JA-ZENCHU has been implementing a "Basic Study on Agricultural Cooperatives" in Asian countries since 1995. This study is funded by the Ministry of Agriculture, Forestry and Fisheries of Japan and usually implemented in cooperation with the ministry concerned with agricultural cooperative development and/or the apex organization of agricultural cooperatives in the target country.
- 105 The most important lesson learnt from the results of the studies from 2001 to 2002 in Mongolia and presently from on-going studies in Cambodia was that the farmers/herders still did not understand the real meaning of the word, "cooperative" and had suspicion about agricultural cooperative movement after they became democratic countries, and it was difficult for the government and the apex organization to organize the true cooperatives in the country. This is because of the fact that in past regime, the communists/socialists called agriculture cooperative a "collective unit" which were promoted and controlled by government thus the farmers did not develop trust in cooperative.
- 106 It is very unhappy situation for farmers/herders and necessary to make enormous efforts to clear up their misunderstanding about cooperative and to propagate the

“ICA’s Definition, Values and Principles of Cooperative”. The 1st principle, “Voluntary and open membership” and the 2nd principle, “Democratic member control” are the most important principles. One must not forget that there were no “true” cooperatives in the communist/socialist countries and it should be noted that “no democracy, no cooperative and no election, no cooperative and no freedom of the press, no cooperative”.

MALAYSIA

- 107 Currently there are 282 Farmers’ Organizations (FOs) in Malaysia. These are comprised on 267 Area Farmers’ Organizations (AFOs), 13 State Farmers’ Organizations (SFOs), and one National farmers’ Organization (NAFAS). The AFOs have a total membership 661,000 with a total share capital of RM54 million.
- 108 The role of FOs is to promote the economic and social interest of their members. They have the power to undertake a wide range of economic and social activities that can benefit their members. Usually the AFOs deal with the retailing of agricultural input, engaging in supervised farm credit, providing farm mechanisation services, organising group farming, and processing and marketing of agricultural produce at the primary level. The SFOs deal with the wholesaling of agricultural inputs, land developing, processing and marketing of agricultural produce at the secondary level and engaging in general business. The NAFAS engages in the importing and manufacturing of agricultural inputs and importing, assembling and distributing of agricultural machinery. NAFAS also plays an important role in securing government contracts for poultry products.
- 109 In accordance with the National Agricultural Policy, several development plans have been prepared. These can be grouped under several broad headings e.g., (i) Implementation of agriculture production projects, especially food production, that are organised and market driven; (ii) Propagation of small and medium scale industries; (iii) Marketing to be the basic activity of the FOs; (iv) Implementing a savings and loan scheme; (v) encouraging farmer-entrepreneurship.
- 110 Commercial farming is highly dependent on access to capital, availability of technology, farm machinery, agro-chemical, and market outlets. FOs have taken steps to provide various services and activities within the constraints that they faced. The services and activities provided by the FOs are: Farm Mechanisation; Use of Technology; Supply of Inputs; Marketing; and Processing.
- 111 The farm size in Malaysia is considerably small and therefore uneconomical for commercial cultivation. 58% of farmers own less than a hectare and each farmer may grow his ‘own crop’ using ‘his own method’. There are two categories of farmers: (a) traditional subsistence farmers who account for 80% of the farm communities; and (b) modern commercial farmers who are profit-oriented and educated. The biggest challenge for the FOs is to redevelop the formers’ group where most of the farmers are old and their children are relatively not interested in farming. Youth, with better education when compared to their parents, search for better occupation prospects in manufacturing sector in cities. As a measure to overcome these

problems, majority of FOs have introduced the concepts of corporate farming and group farming with the aim to enhance the farm productivity and to overcome the shortage of labour.

NEPAL

112 With the promulgation of the 1992 Cooperative Law, cooperative organizations in the country became more free and more democratic in character. There has been a considerable increase in the number of cooperatives and their membership.

Status of cooperatives in Nepal (2002)

| Particulars | National | Primary | District | Central |
|------------------------------------|----------|---------|----------|---------|
| National Cooperative Federation | 01 | - | - | - |
| Central Cooperative Unions ... | - | - | - | 03 |
| Multipurpose Cooperatives ... | - | 2,810 | 39 | - |
| Savings and Credit Cooperatives... | - | 2,262 | 26 | 01 |
| Dairy Cooperatives ... | - | 1,326 | 34 | 01 |
| Consumer Cooperatives... | - | 201 | 07 | 01 |
| Other Cooperatives ... | - | 465 | 15 | - |
| TOTAL | 01 | 7,064 | 121 | 03 |

113 The 9th Five-Year Plan has made a special mention of the role of cooperatives in national development. It said: “Cooperative programmes will be conducted to mobilize economically active age group by orienting towards business promotion such as supply of production inputs, purchase and sale of products, collection and processing through training and education. The programme along with pre-cooperative education will be provided to the groups who are involved in agricultural-related programmes in different places for income and employment generation. In the context of institution capability of the cooperatives based on the Cooperative Principles, appropriate measures will be taken to support the government policies on the role and jurisdiction of Cooperative Department and National Cooperative Development Board. As the capital formation and investment has gradually started, encouragement will be given to developing their own financial systems, which can mobilize such funds for business of cooperatives”.

114 Some of the development roles of the National Cooperative Development Board (NCDB), among others, are: Formulation of Cooperative Legislation; Formulation of Model Byelaws; Strengthening of Agricultural cooperatives through field research and field studies; Feasibility reports and Management studies; Publication and Interface with Media; Education and training activities.

115 The NCDB does not involve itself directly in the collection of data and field statistics. The Cooperative Department has been entrusted with this task. There are

practical difficulties in the collection of information from the field. However, attempts are made to collect such information through district cooperative offices.

- 116 Some of the problems faced by agricultural cooperatives in Nepal are: Growth of a large number of non-genuine and non-viable agricultural cooperatives; lack of members' involvement and economic participation; Weak primary cooperatives; Absence of linkages at all levels; Lack of financial resources, professional management; Politic and bureaucratic interference; Non-viable membership; Lack of authorized financing agency/institution etc.
- 117 The National Cooperative Federation (NCF), Nepal, is the national apex body of the Nepal Cooperative Movement. It represents nearly 1.2 million cooperative members belonging to 7,064 cooperatives of all types. The federation has two principal functions – Promotional/representative, and business. Promotional functions include interaction with its affiliates at the central, district and local levels, lobbying with the government, governmental, and non-governmental organizations, promotional activities through education and training programmes and publications, and general affairs to promote cooperative activity in the country. The business functions include supply of farm inputs and other requirements through its own outlets and through joint ventures with its affiliates and private enterprises. The Federation has successfully negotiated with India's IFFCO on the supply of fertilisers for distribution among farmers in Nepal. The Federation has also entered into negotiations with other organizations in India and abroad.
- 118 In order to provide education and training to cooperative members and functionaries, the Federation has been able to establish a cooperative education fund created out of the profits from business activities and grants/financial support from the government and non-government sources.

PHILIPPINES

- 119 The government in concert with the Cooperative Development Authority (CDA) is promoting the development of agricultural cooperatives as antithesis against the proliferation of poverty. As a strategy, the CDA promotes agricultural cooperatives to enable them greater efficiency in production by identifying opportunities and methodologies to handle and distribute farm inputs, process and market their own produce as well as devise ways and means to enable members access to credit and facilities. Some of the relevant data/information on Cooperative are given below:
- | | | | |
|---------------------------------------|-----------|-----------|---------|
| Total No. of Cooperatives (all types) | 62,753 | Agricoops | 32,876 |
| Total Membership (all types) | 4,013,861 | Agricoops | 725,611 |
| Average No. of Membership/coop | 64 | Agricoops | 23 |
- 120 It may be noted from the above figures that agricultural cooperatives are 53% of the total number of cooperatives. However the weaknesses of agricultural cooperatives in the country have been identified: Small membership and therefore small capital; Absence of business activities; Weak federations; Lack of infrastructure support facilities to enhance development; Inadequate capitalization to finance farm operations.

- 121 In order to enable agricultural cooperatives to serve their members better and to support national economic development programmes, the CDA has evolved a 10-point agenda, some of the salient features of which are given below:
- 1 Development of organizational and management support to achieve greater strengthening of agricultural cooperation that will directly result to increase productivity and profitability using cost effective and cost efficient production methodologies through introduction of Agricultural Cooperative Integrated Management System;
 - 2 Continuing capital build-up and savings mobilization to generate funds for investment in cooperative enterprises;
 - 3 Establishment of market outlets and market linkages with the consumer sector as well as the business sector;
 - 4 Involvement of women in leadership and management of business/services of agricultural cooperatives and as equal partners in development;
 - 5 Business development among agricultural cooperatives through the provision of adequate support facilities, technology and financing to process and transform their produce into consumable products as well as transform the farmers into agricultural entrepreneurs.
- 122 Information about the agricultural cooperatives are gathered by the field personnel, collated at the regional office and consolidated by the Management Information Service of the CDA. The agency is also developing other instruments to collect information on the needs of the cooperative and their products.
- 123 Taking into account the current status of agricultural cooperatives and their stage of development there is a need for formulation of policies to foster the expansion of opportunities for their successful development as viable and self-reliance organizations. Towards this end, the CDA is implementing the training programmes through ladderised training modules; specialised courses for agricultural cooperatives; interaction at informal level with the grassroots members and local leaders; organising short-term training programmes on market information and techniques of product processing and handling for marketing.

SRI LANKA

- 124 Sri Lanka, which is known as the Democratic Socialist Republic of Sri Lanka directs its decentralized State administrative functions through eight (8) Provinces, established in accordance with its Constitution. The country has a population of 19.1 million people of which nearly 70% live in rural areas with agriculture or agriculture related activities as their main occupation.
- 125 The agro-industry model of the country can be divided into two groups, that is, tea, rubber and coconut industry, and the traditional agriculture which include paddy, small grain crops, chillies, vegetables, minor export crops and livestock/dairy. There

are around 2 million farmers who own less than 1 acre of land for cultivation and income derived by them is hardly sufficient for their day-to-day subsistence.

1. Agricultural Cooperative Societies

- 126 The Cooperative Societies involved in agricultural activities can be classified as follows.

| Type of the Society | Primary | Secondary | Apex |
|----------------------------|----------------|------------------|-------------|
| Tea, Rubber, Coconut | 171 | - | 01 |
| Milk based products | 152 | 05 | 01 |
| Livestock | 50 | - | - |
| Agricultural | 38 | 07 | 01 |
| Fisheries | 673 | 19 | 01 |
| Multi-Purpose | 311 | - | 01 |
| Total | 1395 | 31 | 05 |

- 127 Besides the Multi-Purpose Cooperative Societies, 1084 Special Agricultural Cooperative Societies at Primary level are operating under the Cooperative Movement.

1.1 Role of Agriculture Cooperative in the Economy

- 128 Almost all traditional agricultural crops are for local consumption. The surplus of these products, if any, is meager to enter the international market and no special interest from any sector has been shown to promote their access to the international market. Sometimes, the quality of product is not up to the required standard for international market. Cooperative Societies cover about 15% of the coconut export. Although some minor export crops such as cloves, nutmeg, pepper, cut flowers, vegetables, etc. are being exported from Sri Lanka as primary goods, the Cooperatives have no direct role in export.

- 129 The Sri Lanka Cooperative Marketing Federation (Markfed) used to export coconut and other export crops in large quantities in the 70s. Now under the open economy such exports have been abandoned and they are now engaged in purchasing paddy locally.

1.2 Government Policies/Legislations/Programme for Development of Agriculture Cooperatives

- 130 Several strategies are being followed to convert Agricultural Cooperative Societies to Farmers' managed organization by restructuring the existing societies through members' participation and imparting training on management and entrepreneurship development.
- 131 Rules/Regulations relating to the Cooperatives have been devolved to Provincial Councils and are implemented through Provincial Commissioners of Cooperatives.

Necessary action is being taken to amend legislation relating to cooperative and thus to create conducive environment for promoting the cooperatives as independent organization. Government has introduced a system of a stable price for agriculture produce to be given to the farmers through Cooperative Societies. Under this programme the government has taken steps to give a fair price for agricultural produce by providing an interest free loan to the cooperative societies in the year of 2002/2003 harvesting season. Other supports provided to cooperatives are:

- (a) A sum of Rs. 25 million was provided by the government through cooperative societies in 2001/2002 to modernize the paddy mills belonging to the cooperative societies and to install new rice mills. Provisions were made to improve milk-processing centres.
- (b) About 105 milk sales centres were opened through milk producers' cooperative societies in order to provide marketing facilities to the milk producers.

132 Joint field awareness programmes are conducted for farmers, transporters and collectors with a view to minimize the wastage caused in transporting vegetables. The Department of Cooperatives and the Department of Agriculture are jointly implementing this programme.

1.3 Role of Agriculture Cooperatives in Marketing

133 Though cooperatives purchase only about 5% - 6% of the paddy production in the country, but such purchasing has significant effects on the stability of paddy price in the market. By purchasing tealeaves of their members through Tea Producing Cooperative Societies it has been possible to pay a good price to the cultivators. These societies are catering to the needs of its members by processing tea using large-scale machinery and plant, sending the tea to the market and providing necessary inputs.

134 About 30% - 35% of the total vegetable production is wasted during the course of handling transportation. As a precautionary step the cooperative Unions have started recently to use plastic crates for the transport of vegetables, thereby minimizing the wastage.

1.4 The new area of Business Development in Agriculture Cooperatives

135 Special attention has been focussed to modernize rice mills for producing quality rice. Action has been taken to install such mills at some societies in the Ampara and the Kurunegala districts. The Cooperative Milk Federation has launched a project with their members to promote the drinking fresh milk by putting up milk stalls all over the country. Some cooperative Societies have started vegetable marketing by using plastic crates to minimize the wastage and by opening vegetable stalls at some railway stations to sell their members' produce.

2. Database on Agriculture Cooperatives

136 The Department of Cooperatives collects information regarding activities of agriculture societies data on paddy production, supply of vegetables to the market,

production of milk, tea, coconut and rubber through the Provincial Commissioners of Cooperatives. However, due to lack of computer network for collecting data on time, there is delays in collecting the information.

3. Training Needs, Methods & Technique for Capacity Buildings

- 137 Cooperative Societies in Agricultural Sector lack management capacity or adequate funds to provide agro-marketing, transportation and storage facilities. As a solution to the above situation the government is taking action to increase storage facilities and provide necessary training to the cooperative officials.
- 138 At the request of the societies, training requirements are identified and carried out under the supervision of Provincial Commissioners of Cooperatives. Training facilities are provided to members/officials of Cooperatives through the Department of Cooperatives, National Institute of Cooperative Development, National Cooperative Council, District Offices, Institute of Post-Harvest Technology. Lack of resource persons possessing technical knowledge and specialization in cooperative has become a hindrance to training activities.

4. Problems faced by the Agricultural Cooperatives

- 139 The major problems faced by the cooperatives are: government inference in the operation and management of cooperatives for which cooperative act needs amendment; lack of trained and professional manpower for planning and implementation of training programmes/courses aimed at income and employment generation; timely collection of data/information on production, market prices of vegetables, coconut etc; fund mobilization and servicing of members, gradual withdrawal and restriction of government subsidies/financial facilities to cooperatives. Due to fund constraint, the societies find it difficult to organize any training activity or campaign for creating awareness amongst members.
- 140 In view of the above, it is recommended that government should provide support for IT and use of computer, and for education and training of cooperators at the primary level.

THAILAND

- 141 The Agricultural Policy laid down by the government has three main components e.g., Revival and strengthening of farmers organization; Development of domestic markets and strengthening of rural communities; and Increasing the competitiveness of the agricultural sector in the world market.
- 142 The cooperatives in Thailand were initiated by the government in 1915 with a view to use them as a means to improve the livelihood of small farmers. The first cooperative in Thailand called the Wat Chan Cooperative Unlimited Liability was established on 26 February 1916 in Phitsanulok in the form of a small village credit cooperative.

- 143 In 1947 a Bank for Cooperatives was established with government funding with a view to provide easy credit to cooperatives and cooperative members. The Bank for Agriculture and Agricultural Cooperatives (BAAC) was established in 1966.
- 144 In 1968 a Cooperative League of Thailand (CLT) was established with the objective of strengthening the Cooperative Movement. In 1999 a revised and reformed Cooperative Law was enacted. The Law recognizes six forms of cooperatives. Their status as on January 2002 is as follows:

| Types of Cooperatives | No. of Coops | Membership |
|---|---------------------|-------------------|
| (1) <u>Agricultural Sector</u> | 3,588 | 5,266,169 |
| 1.1 Agricultural coops | 3,419 | 5,095,554 |
| 1.2 Land Settlement Coops | 98 | 156,502 |
| 1.3 Fisheries Cooperatives | 71 | 14,113 |
| (2) <u>Non-Agricultural Sector</u> | 2,045 | 3,186,575 |
| 2.1 Consumer Cooperatives | 246 | 709,741 |
| 2.2 Thrift and Credit Coops | 1,348 | 2,244,545 |
| 2.3 Service Cooperatives | 451 | 232,289 |
| Totals: Coops and Members | 5,633 | 8,452,744 |

- 145 The Movement has a three-tier system. The primary cooperative consists of individual members while members of provincial and national federations are cooperatives. Of the agricultural cooperatives sector there is an Agricultural Cooperative Federation of Thailand. There are other federations in different sectors, and all of them are the members of the Cooperative League of Thailand.
- 146 The functions of agricultural cooperatives include: loans to members, mobilization of savings and deposits, sale of consumer goods and farm supplies, joint marketing, agricultural extension and services, processing. The types of agricultural cooperatives are: water users' cooperatives, land reform cooperatives, special cooperatives, national security command cooperatives, rubber cooperatives, cooperatives in the border patrol police school.
- 147 The Cooperative Promotion Department (CPD) within the Ministry of Agriculture is the principal agency formulating and regulating cooperative development policies. The government has recognized the vital role of cooperatives in socio-economic development in the country. Therefore, support for the growth of the Cooperative Movement has been provided continuously. However, the support to cooperatives will be with the objective that the cooperatives should be developed as self-reliant organizations in the future.
- 148 To achieve such a goal, the CPD and the CLT have closely cooperated in cooperative development planning and giving more consideration on the procedure and timing for transferring responsibilities on cooperative development from the government agencies to the movement itself.

- 149 The government has recognized the importance of cooperative education and training in contributing to the development of cooperatives and has included the cooperative subject in the school curriculum as a compulsory subject in primary schools since 1978 and as an alternative subject in high schools, colleges and universities.
- 150 The CPD and the CLT closely coordinate and collaborate in conducting several cooperative education and training programmes. CLT provides training to cooperative committee/board members and staff while CPD provides training on technology transfer and development through its 10 (ten) Regional Cooperative Training Centres.
- 151 Database on Agricultural Cooperatives in Thailand is handled at various levels, but more reliable information is available from the Information Technology Centre within the CPD. The Centre is directly responsible for the development of database and computerisation within the CPD as well as for cooperatives and farmer groups throughout the country. The Centre is divided into four divisions e.g., (i) Database Group; (ii) Data System Development Group; (iii) Data Collecting and IT Group; and (iv) General Administration Section. The database has yet to be more representative and comprehensive by involving the grassroots cooperatives and members.

IV Training Needs for Capacity Building within Agriculture Cooperatives and Role of Technical Education & Training Institution for Cooperative Development

- 152 Mr. J.N.L. Srivastava and Dr. Daman Prakash opened the discussion on training needs for capacity building with special reference to small and medium enterprise development and business planning within agriculture cooperatives. Mr. Srivastava highlighted the need for training at the grass-roots level and emphasized professional technical training should be organized on organic farming, agro-processing and value addition, use of biotechnology for increased production. He mentioned that in some countries NGOs are more active on training as they have more funds compared to cooperative.
- 153 It was mentioned that cooperatives should be considered as “Eco-Enterprise” and training should accordingly be framed/planned for general members, board-members, managers, book keepers, accountants etc. As the primary cooperatives have to compete with the private sector, professional training on business planning/management including use and supervision of credit for income earning/production activities would be essential for cooperatives to remain in business. They also explained the concept and role of CDRC (Cooperative Development Resource Centre) which IFFCO Foundation will operate in selected states in India for providing training and guidance to the primary agricultural cooperatives. Mr. Srivastava mentioned that IFFCO Foundation would be happy to collaborate with FAO-NEDAC in training for promotion of SME development and business planning by agriculture cooperatives in the region.

- 154 Mr. M. Matsuda, JA-Zenchu, informed that in Japan, primary cooperatives provide training on organizational issues and business issues/aspects are dealt by national federation/union. JA-Zenchu through its 12 training centres provides training on computer and ICT. On the basis of the need for training of cooperators text of the training materials are developed and provided by JA-Zenchu. JA-Zenchu through IDACA also provides specialized training to selected cooperative members of ICA-affiliated cooperatives.
- 155 Mr. Naser Harun, representative from FOA, Malaysia, stated that the training needs/module are developed by FOA training consultants after 3-4 days' discussions/consultations with some selected best cooperative farmers and FOA's best training personnel. He informed that modules on ICT training has recently been prepared on the basis of the above consultations procedure. He also stated that training modules on WTO-related issues, information on prices, demand and supply of agricultural produce in different zones/areas of the country are developed on regular basis. The cost for training is borne by FOA.
- 156 Mr. Polman briefly stated the role of FAORAP for training of agriculture cooperative members, rural youths, women cooperatives as well as the disabled farmers. He pointed out that the major focus of FAO programmes on rural development in the region are on the followings:
- Training of trainers for strengthening management and development of sustainable agricultural cooperatives;
 - Promotion of ICT and skill development in agricultural cooperatives;
 - Capacity building and sharing field experience through study tours/exchange visits on development and management of agricultural cooperatives in various countries of the region;
 - Formulation and implementation of projects on agricultural cooperative development funded through FAOs Technical Cooperation Programme(TCP); In this context mentions were made of a TCP project activities especially on strengthening of cooperative training institutions, training manuals for training of cooperative officials in Thailand; and
 - Promotion of business networking by agriculture cooperatives within/outside the country/region. Promotion of SME development through "Asian Coalition on Fair Trade" with other regional networks which are based at FAORAP, Bangkok.
- 157 Mr. W.I. Khan mentioned that technical resource papers on HRD/training for cooperative development prepared by Specialists/Consultants were presented and discussed in NEDAC General Assembly Session in Beijing, China in 2001. As a follow-up of the previous discussions, this topic has now been brought to this session with the objective of identification of training needs especially in the context WTO-Agriculture Agreements, enterprise development, business planning and improvement of professionalism in agriculture cooperatives. The other objective is to identify the training institutions capable of providing training in the above field in different countries of the region.

- 158 Mr. Bhagwati Prasad, Chief Executive, NCUI stated in brief the training programmes/courses offered by NCUI training institutes in India. He also mentioned about training to be offered to Sri Lanka for which an agreement (MOU) was already signed between NCUI-SRL Cooperative Council. He suggested that once the training needs and training institutes been identified, NEDAC should explore funding support from FAORAP, NEDAC-Members or any other donors for training of selected cooperative members/board-members/cooperative leaders etc. who have fund constraint for training outside the country.
- 159 Mr. Dinesh Rai, Managing Director, NCDC, suggested that there should be coordination of training activities offered by different training institutes. He expressed his positive hope that NCDC and NCUI would be able to offer quality training on cooperative development. Once the training needs and institutes offering different courses have been identified, exact modality and details for organizing the training for NEDAC members could be worked out by the NEDAC Secretariat in consultation with Chairman, NEDAC, the institute offering the course and the concerned NEDAC members.
- 160 Based on the above discussions, the following decisions/recommendations were made:
- i) It was recognized that proper training on skill development, business planning, data collection on agriculture marketing and IT application and use of computers would be most essential for agriculture cooperative development for which proper policies, legislative reforms and conducive level playing field need to be created by government, cooperative movement and other development partners;
 - ii) It was agreed that training institutes capable of offering training in different disciplines should also be identified. Development of training materials including preparation/publication of successful case studies will be extremely useful in implementation of training programmes;
 - iii) NEDAC with its members' support should compile and publish information on types and duration of training courses/programmes offered by leading institutions in selected countries of the region.

V. Preparation of Standard Format/Data Sheet for Collection and Sharing of Data/Information on Agriculture Cooperatives

- 161 Technical papers on IT and Computerization of Agriculture Cooperative presented by the Resource Persons provided the rationale and importance of collection and compilation of relevant data for use by policy makers, planners and cooperative leaders as well as for monitoring of projects/programmes for cooperative development. It was therefore decided that two working groups, after consultation with group members, would prepare/present a comprehensive data sheet/a format for collection of data/information which could be shared between/amongst cooperatives within and outside the country through appropriate networking.

The participants divided into following two working groups prepared and presented at the plenary session a data sheet/format for collection/compilation of data/information on agriculture cooperatives, enterprise/business development, supply, demand, market trend/prices of agricultural produce etc.

Group 1

01 Mr. Shahidullah, BJSU-Bangladesh
02 Dr. Virginia, CDA-Philippines
03 Mr. Mohd Naser Harun, FOA-Malaysia
04 Mr. S.S. Prasad, MOA-India
05 Mr. M. Matsuda, JA-Zenchu
06 Mr. B.B. Gautam, NCDB-Nepal
07 Mr. K.L. Nalwaya, NCUI-India
08 Mr. W.I. Khan, NEDAC

Group 2

01 Mr. Dinesh Rai, NCDC-India
02 Mr. Bhagwati Prasad, NCUI-India
03 Mr. Surasak Nakswast, CPD-Thailand
04 Mr. Prasarn Phetmon, CLT-Thailand
05 Mr. Liu Denggao, MOA-China
06 Mr. D.P. Baskota, NCF-Nepal
07 Mr. Wim Polman, FAO RAP
08 Dr. Daman Prakash

162 After discussions and review of the formats/data sheet presented by the two groups, the plenary decided to have one “common format” by keeping items common in two groups as well as incorporating some other items. The format finally developed and approved by the plenary is **Annex IX**.

163 Mr. Polman appreciating the contributions of the working groups and the Resource Persons for preparing the common standard items/format for collection/compilation and sharing of data on agriculture cooperative, informed that with funding support of FAORAP, a seminar on IT and Computerization for Promotion of Enterprise Development by Agriculture Cooperative will be held in February/March 2004 either at Bangkok or Chiangmai. FAO Experts, NEDAC Resource Persons and Specialists working on IT and data base on agriculture cooperatives will be invited. One of the main objective would be to formulate strategies/action plans for collection of data in a common format and networking amongst cooperatives within and outside the country.

VI FIELD VISIT

164 Field visits to a District Cooperative Union, Women Cooperative Society and Sajha Transport were extremely useful in understanding the functioning of the cooperatives and provided a good learning experience. The hospitality of the members impressed and touched the heart of the participants. The details of the cooperative societies visited are at **Annex X**.

Section-02

I. Minutes/Resolutions of the General Assembly Session

(1) Election of new Excom for 2004-2005

At the outset, the delegate from China representing the Chairman of NEDAC, requested Mr. Dinesh Rai, Managing Director, National Cooperative Development Corporation (NCDC) and Co-Chairman, NEDAC to act as the Chairman and conduct the election of new Excom Members for 2004-2005. Mr. Dinesh Rai then acted as Chairman of the Session requested nominations for Chairman/Co-chairman/Members of the Excom. The Assembly through consensus elected a Chairman, one Co-chairman, one Vice-Chairperson and three members of the NEDAC Executive Committee (Excom) for a tenure of two years i.e. 2004 and 2005. The list of the newly elected Excom-Members which was circulated to all participants in the meeting is as follows:

| <u>Designation</u> | <u>Country</u> | <u>Name & Title</u> |
|--------------------|----------------|---|
| 1 Chairman | India | Mr. Dinesh Rai, Managing Director, National Cooperative Development Corporation (NCDC) |
| 2 Co-chairman | Nepal | Name/organization will be communicated later to Chairman/NEDAC Secretariat |
| 3 Vice-chairperson | Philippines | Ms. Virginia A. Teodosio, Administrator, Cooperative Development Authority (CDA) |
| 4 Member | Malaysia | Mr. Mohd. Noser Harun, Assistant Director, Farmers' Organization Authority (FOA) |
| 5 Member | Thailand | Name/organization will be communicated later to Chairman/NEDAC Secretariat |
| 6 Member | Bangladesh | Mr. Md. Shahidullah, General Secretary, National Cooperative Union of Bangladesh (BJSU) |

About the Co-chairman and one Member of the newly-formed Excom, it was agreed that Nepal and Thailand which have more than one member-organization will inform the Chairman and NEDAC Secretariat, the name of the member-organization and the person who will represent the country in the next Excom meeting, Mr. Krishna Kumer Shrestha, Joint Secretary, Ministry of Agriculture, HMG/Nepal informed that the Ministry of Agriculture would soon become a member of NEDAC from 2004 and the decision of the Ministry concerning the Co-Chairmanship will then be communicated to the Chairman and NEDAC Secretariat.

(2) Major Activities of NEDAC in 2002-2003

A report on major activities of NEDAC in 2002-2003 prepared by NEDAC Secretariat was circulated to all participants in the meeting. Mr. Dinesh Rai briefly explained the major activities and Mr. Khan stated the details of the progress made in implementation of the planned activities during 2002-2003. The major activities implemented during the period were: Formulation of a Regional TCP Project on Capacity Building for Action Programme on Cooperative Business Enterprise Development; TOT Workshop in Bangladesh; FAO-NEDAC Regional Meeting on Agricultural Cooperative Enterprise Development (ACED)/Business Planning in New Delhi, India; NEDAC Members study tour/exchange visit to India and Thailand; revision/publication and distribution of NEDAC Constitution and drive for new membership of NEDAC.

In conclusion, it was noted that NEDAC activities held in different countries were hosted by the NEDAC member(s) in the country and provided board/lodging and internal transport for the participants. NEDAC Members highly appreciated FAORAP funding support for training/workshop on TOT Manual in Bangladesh; Study tour/exchange visit and Regional seminar on enterprise development/ business planning by agriculture cooperatives held in India in 2003.

(3) NEDAC Financial Report for 2002-2003

The Assembly approved the NEDAC Financial Report for 2002-2003 presented by Mr. W.I.Khan on behalf of the NEDAC Secretariat. The Financial Report along with the Income and Expenditure Statements during 2002-2003 as well as the Bank Account Statements duly countersigned by the Bank were earlier circulated to all participants in the meeting.

It was pointed out that the total amount spent from NEDAC funds in 2002 and 2003 was US\$71,543.94 which was well below the approved budget outlay of US\$130,000. This was possible due to the extra budgetary support received from FAORAP, NEDAC members hosting of some activities and meeting the cost of board/lodging etc of participants. Without the support of the host organization(s) in the form of board/lodging and internal transport and FAORAP's funding for training/workshops and technical meetings, the financial burden on NEDAC would have been much more.

Mr. Khan mentioned that the receipt of membership fee was mostly in the second half of the year and in some cases, the bank charges/commissions was deducted from the membership fee \$2000 at source while sending the money to NEDAC. This resulted to less receipt of funds ranging between \$30-45 per transfer. In the past, NEDAC made appeals to all members for sending \$2000 net and bank charges should be paid by the sender, this was not being followed by some member(s). He requested NEDAC Members to kindly consider this matter.

It was suggested by one member that the Financial Report should be approved by the Excom before its circulation. It was agreed that this matter would be further

discussed in the Excom meeting to be held after the General Assembly Session in the afternoon of 1 November 2003.

(4) NEDAC Secretariat Matters

Considering the satisfactory services by Mr. W.I. Khan, Program Adviser and Ms. Wandee Saejang, Clerk-cum-typist/Secretary, NEDAC Secretariat, the Assembly decided to extend their assignment for another two years i.e. 2004 and 2005 and authorized the Excom to finalize the details of their service contracts.

(5) Special Thanks and Gratitude

The Assembly expressed special thanks and gratitude to Ministry of Agriculture, HMG/N, National Cooperative Development Board and National Cooperative Federation for hosting the General Assembly Session and the seminar on IT and Computerization of Agriculture Cooperatives and for their generous hospitality and courtesies extended to the delegates during their stay at Kathmandu, Nepal. The Assembly extended heart felt gratitude and appreciation to Mr. J.N.L.Srivastava, IAS (Rtd), Former Secretary, Ministry of Agriculture and Cooperation, for his kind agreement to deliver the keynote speech, and to Dr. Daman Prakash, IFFCO Foundation, India and Mr. K.L. Nalwaya, Executive Director, NCUI, for acting as Resource Persons and presenting resource papers in the meeting. The Assembly wished to put on record the efficient services provided by the Excom Members in 2002-2003.

The Assembly expressed sincere thanks and appreciation to senior management of FAORAP for their support to NEDAC and to Mr. Wim Polman, Rural Development Officer, for providing technical and funding support to NEDAC activities in 2002-2003 and for his assistance in drawing up the Workplan for 2004-2005 with special reference to SME Development and Computerization of Agriculture Cooperatives.

The General Assembly resolved to express special thanks and appreciation to the Regional Director, ICAROAP, for joining the General Assembly and hoped that ICA-FAO-NEDAC relationship/collaborations will be further strengthened under the new leadership of Mr. Shil Kwan Lee, Regional Director, ICAROAP.

(6) NEDAC Membership Drive & Resources Mobilization

It was stated that NEDAC funding source is mainly its membership fee. In order to increase the membership in each country, the constitution was revised/ approved in the General Assembly held in Manila, Philippines in 1999, and the ceiling of maximum three members in each country was lifted. It was also decided that any organization, agency or institution engaged in agriculture cooperative development could become a regular member upon payment of annual membership fee of US\$2000, or an associate member by paying US\$1000 as membership fee. It was requested that NEDAC members in each country would contact relevant

organization in the country and pursue their enlistment as regular or associate member.

It was also decided that NEDAC member(s) in each country should contact the non-paying member and pursue payment of the outstanding dues/arrears by those defaulter-members. Payment of the arrears could be settled through discussions amongst non-paying member and regular member in the country and NEDAC Secretariat. Mr. Khan mentioned about recent efforts/approaches made by the Secretariat to enlist new NEDAC member from China, Mongolia, Cambodia, India and Malaysia. The organizations approached were: (i) All-China Federation of Supply and Marketing Cooperatives, China P.R.; (ii) National Association of Mongolian Agricultural Cooperators (NAMAC); (iii) Ministry of Agriculture, Forestry and Fisheries, Cambodia; (iv) IFFCO Foundation, India; and (v) Cooperative Training College of Malaysia, Kuala Lumpur.

Mr. Khan expected that with support of NEDAC regular members and well wishers, some of organizations approached by the Secretariat will soon become NEDAC Members. Mr. Khan also mentioned that some rich NEDAC members might also contribute directly for undertaking some specified activity by NEDAC. Mr. Dinesh Rai Suggested that NCDC/NCUI might be able to sponsor some training activity in India through their own training Institutes. It was agreed that the NEDAC Secretariat, in consultation with the Chairman, NEDAC will pursue the matter in due course.

(7) NEDAC Workplan/Major Activities for 2004-2005

The NEDAC Secretariat presented the draft Workplan for 2004-2005 with indication of funding sources i.e. NEDAC own fund, FAO or any other fund as at **Annex XI**. The General Assembly briefly discussed the major activities under the proposed Workplan for 2004-2005 drawn at financial outlay of US\$135,000 and approved, in principle, the proposed Workplan. However the implementation, as was decided, would be subject to funding support from FAORAP or any other sources which should be explored by the NEDAC Secretariat as well as the Excom.

The General Assembly authorized the Excom to finalize and approve the Workplan for 2004 in consultation with Mr. Wim Polman, Rural Development Officer, FAORAP. The Workplan for 2004 with budget outlay of US\$60,500 as was approved by the Excom is at **Annex XII**.

It was also decided that Excom should meet preferably in India in late 2004 or early 2005 to review the progress/implementation of activities in 2004 and approve the Workplan for 2005.

II. Resolutions Approved by NEDAC General Assembly

The NEDAC General Assembly Session held at Kathmandu on Saturday, November 01, 2003, adopted/approved the following resolutions:

- a) ***Approval of Report of Activities and Financial Report for the period 2002-2003:*** After having considered the Report of Activities carried out by the NEDAC Secretariat and Financial Report, the General Assembly approved the Activities and Financial Reports unanimously. -Approved
- b) ***Expression of Gratitude and Thanks:*** After having taken note of the cooperation and collaboration received by the NEDAC from the host organizations in Nepal, the NEDAC General Assembly placed on record its highest appreciation, thanks and gratitude to the HMG Ministry of Agriculture and Cooperatives, National Cooperative Development Board, National Cooperative Federation of Nepal, for their various supports provided to the delegates and NEDAC Secretariat. - Approved

The General Assembly appreciated the support and expenditure incurred by the respective host organizations in hosting the seminar on IT and Computerization of Agriculture Cooperative and the General Assembly Session in Nepal, ACED Meeting in New Delhi and Exchange Visit to India, Study Tour/Exchange Visit to Thailand and TOT Workshop in Bangladesh.

The General Assembly also expressed its highest appreciation to the contributions made by Mr. JNL Srivastava, former Secretary of Agriculture, Government of India, one of the founder members of the NEDAC, and presently working as Managing Trustee of the IFFCO Foundation who had kindly agreed to participate and give the Keynote Address, at the Inaugural Session of the Assembly. The General Assembly expressed thanks for the resource paper and assistance extended by Dr. Daman Prakash of IFFCO Foundation and to Mr. KL Nalwaya, Executive Director of the National Cooperative Union, India for his resource paper on IT and Computerization of Agriculture Cooperatives. - Approved

- c) ***Membership Drive:*** The General Assembly requested the delegates to support and make all efforts in increasing the NEDAC member either as regular or associate member in each country. It was also decided that NEDAC Member(s) in each country will pursue payment of membership fee by those members who have not cleared their dues. – Approved
- d) ***FAO's Increased Support to Agricultural Cooperatives in the Region:*** NEDAC being the regional network for farmers cooperative development in the Asian region with over 3 million agricultural cooperatives represented from 11 Asian countries (China, India, Thailand, the Philippines, Malaysia, Sri Lanka, Bangladesh, Nepal, Japan, Republic of Korea and Mongolia), resolved to thank the FAORAP for continuing its funding and technical support to NEDAC till it achieves self-reliance in terms of funding and in organizational activities. -Approved
The General Assembly took note of the keen involvement of cooperatives in agriculture sector, government's withdrawal of farm subsidies, cooperatives' endeavour to improve management and services for members and emphasized that

the role of FAO would be significant and critical. The General Assembly expected that the FAO would strengthen its presence for active participation in the agricultural cooperative sector more and more and to strengthen the NEDAC as a regional organization devoted to the development of agricultural cooperatives in Asia-Pacific.
- Approved

NEDAC urged FAO senior management to review decision made by Rural Development Division to freeze two last remaining staff posts for farmer organization/agricultural cooperative development during the biennium 2004-2005 with a view to continue assistance to member-countries in support of agricultural cooperative development at primary level in this region. - Approved

- e) **Approval of Plan of Work:** The General Assembly approved the Work Plan of NEDAC for 2004-2005 and recommended it to the Executive Committee for consideration/modifications/finalization of the Workplan for 2004-2005 as suggested by members and workplan/activities for implementation in 2004. - Approved
- f) **Secretariat's Extension:** Resolved to renew the services of the existing NEDAC secretariat staff for another term of two years i.e. 2004-2005 and authorized the Executive Committee to finalize the details and approve the service contracts. - Approved

The General Assembly also appreciated the NEDAC Secretariat to keep the NEDAC expenditure within the budget limit as was approved by the General Assembly in Beijing in 2001 and this was possible due to the support received from the FAORAP and NEDAC members.

- g) **NEDAC Members' Study Tour/Exchange Visit to Bangladesh:** The General Assembly approved the offer by the BJSU delegate from Bangladesh for hosting NEDAC Members' Study tour/Exchange visit to Bangladesh in 2004.

III. Venue of the Next General Assembly

The delegate from FOA, Malaysia, offered to host the next NEDAC General Assembly in Kuala Lumpur, Malaysia in 2005. This offer was unanimously accepted by the General Assembly delegates. The delegate from FOA further mentioned the offer was subject to approval by the Malaysian Government which would be communicated by the Malaysian authority (FOA) to the Chairman NEDAC as well as the NEDAC Secretariat.

**NEDAC GENERAL ASSEMBLY
AND SEMINAR ON INFORMATION TECHNOLOGY & COMPUTERIZATION OF
AGRICULTURAL COOPERATIVES**

Kathmandu, Nepal
Oct 28th -2nd November, 2003

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Welcome Address

Deepak Prakash Baskota
Chairman

His Excellency, Distinguished Delegates and Honoured guests!

I, on behalf of the National Cooperative Movement of Nepal and His Majesty's Government of Nepal (HMG/N) and myself warmly welcome all the distinguished delegates and participants and guests in this beautiful city of Kathmandu. I am sure that you will have a comfortable and pleasant stay with some arrangements.

On behalf of the Nepalese Cooperative Movement of Nepal I would like to take this opportunity to express gratitude to all the NEDAC member organizations and the NEDAC Secretariat who have given us to host the NEDAC Seventh General Assembly in Kathmandu.

On this occasion, I do appreciate FAO/NEDAC which has been trying to make significant efforts for strengthening the agricultural cooperatives and developing them as commercially oriented cooperative enterprises in this Asia-Pacific Region.

Ladies and Gentlemen!

Recognizing the cooperative development as an important base for raising the living standard of people, it has become one of the segments in the overall economic development as five-year economic development plans of HMG/N. Until 1991, the promotional and development activities of cooperatives have been carried out by HMG/N. On the changed context, HMG/N enacted a new Cooperative Act, 1992 by recognizing cooperatives as autonomous and independent bodies. The new cooperative legislation has brought a dramatic change in the numerical growth of cooperatives rather than qualitative growth of cooperatives. The agricultural cooperatives, particularly have faced challenges of capitalization, professionalism, adoption and introduction of modern technology for creating management efficiency and competitive strength.

I am sure that the agricultural cooperatives can play a significant role in the agro-based economy in Nepal. I would like to urge HMG/N and international agencies to use them as medium for overall economic development activities including poverty reduction programmes.

All of us who are here are aware of liberalized economy and globalization where the economic competition is keen cooperatives can not grow as fast as enterprises under public and private sectors.

Equitable distribution and balanced economic growth are today's need for overall economic and social development of community/society as a whole. This could be achieved only

through the medium of cooperatives. Rather, efforts are extremely necessary to improve their overall management for making them competitive and efficient and for running them as commercially oriented cooperative enterprises.

It may be relevant to note that Nepal has entered into WTO very recently. Still it is very immature to assume that the agricultural cooperatives will be benefited or not from the WTO policy. In the global context it is realized that the agricultural sector including agricultural cooperatives have been adversely affected by it. This issue also is to be discussed in this General Assembly.

I am very much hopeful that this General Assembly meeting will succeed to find out ways and means for the improvement of performance of agricultural cooperatives.

Last but not the least, once more I take an opportunity to express my heartfelt welcome all of you who are present here.

Thank you,

**Inaugural Address
by Hon'ble Dr. Prakash Chandra Lohani
Minister for Agriculture and Cooperatives, His Majesty's Government of Nepal**

Excellencies, Distinguished Delegates, Ladies and Gentlemen.

We feel very much honored at this juncture having the opportunity to host this Assembly here in Nepal for the first time in the 9th year of our membership to NEDAC. At this important moment, on behalf of His Majesty's Government of Nepal, the people of Nepal and on my own, I would like to take this opportunity to extend the warmest welcome to you all.

As we all know that the countries of Asia and the Pacific Region have several common characteristics and one of them is the agriculture sector. A majority of the region's population depends directly on it for livelihood. Agriculture accounts a significant part of GDP throughout the region. As an occupation, it continues to be dominated by small holdings, with the average farm size showing progressive decline. Likewise, the impact of the population increase has adversely affected especially the well being of the small farmers a serious matter of concern. Due to the growing number of small farmers, more and more people particularly those in mountains and hills, are increasingly forced to subsistence or even below subsistence level of agriculture, which has deprived them of the benefit of value addition and urbanization driven consumer prices.

Agriculture is, therefore, people based and people driven in our region. However, small farmers and poor communities are highly vulnerable to all sorts of disasters and disturbances. Against this backdrop, cooperatives appear to be the best alternative strategy to involve people in the development process. The strength of cooperative lie in the fact that they are owned, managed and controlled by the members. A cooperative enterprise gets its distinct identity through its governing principles known as cooperative principles which have been evolved out of practical experiences of the founders of the modern concept of cooperation. However, adherence to these basic cooperative principles is important for entirely pragmatic reason that a cooperative should be self-reliant. The members must feel that it belongs to them and that its future depends on them.

What so far the agricultural cooperatives have contributed to the poor and small farmers to augment their socio-economic and cultural condition, they suffer from many weaknesses on account of the fact their members are economically backward, they are largely state controlled and dependent on state support and have to function under restrictive and at times outdated laws including weak linkages, absence of member focus and poor management.

In a way, the most formidable challenge before agricultural cooperatives in Asia and the Pacific lies in evolving a mutually acceptable, but balanced framework for interacting with the government, If there is a large number of rural cooperatives in Asia and the Pacific today,

it is due to the support and role of the government, but if these cooperatives have not been able to reach their full potential, that is also due to the role of the government. Some practical arrangements will have to be devised and put into practice, if only to pave a way for orderly growth and development of viable, democratic, performing agricultural cooperatives.

Excellencies, Distinguished Delegates, Ladies and Gentlemen,

The impact of agricultural cooperatives in Asia and the Pacific has varied from time to time, and place to place. This impact has generally depended on the extent of members involvement, quality of leadership, government policies and programs, availability of trained and qualified staff and structural support, but above all, the intrinsic ability of cooperatives to serve their members, and help them increase their incomes.

Agricultural cooperatives, in order to capitalize on their inherent advantages, will need to bring in innovation in their functioning that could enable them to enhance their efficiency, save on costs and retain competitive advantage. They should take advantage of information technology for ensuring dissemination of real time, value added information on cropping and consumption patterns, quality standards, market intelligence, price movements, weather forecast, as well as monitoring these all activities.

Cooperatives, like any other business organization, also need to be flexible and able to change with the circumstances. At present, cooperative organizations all over the world are facing the task of transforming and adjusting them to a new economic and political environment, market oriented conditions and increasing member demands. This means to learn new production methods, new methods of organization and management, and in particular, ways to help maintain or increase, member loyalty and commitment. This can be achieved through increased participation. However, the real challenge lies in creating supportive climate and necessary conditions for the success of agricultural cooperatives in Asia and the Pacific. And I assure you all that His Majesty's Government of Nepal is ready to support in the process of viable, tangible and genuine cooperative development in this country.

I feel very much happy that the National Cooperative Development Board and the National Cooperative Federation have taken the initiative in association with FAO and NEDAC to host this important Assembly and Seminar on Information Technology and Computerization of Agricultural Cooperatives and the field visit. I am sure that the discussions and deliberation made by you during these four days will be very much fruitful for the growth of agricultural cooperatives in this Region, and would lead to further collaboration among our countries.

Finally, I would like to wish you all a joyful stay in Nepal.

Thank you.

**Speech of the NEDAC Chairman
Mr. Dinesh Rai**

Managing Director, National Cooperative Development Corporation (NCDC)

On behalf of all NEDAC Members as well as on my own behalf, I would like to express our gratitude and appreciation to the National Cooperative Federation (NCF), National Cooperative Development Board (NCDB) and Ministry of Agriculture for their offer to host the seminar on Information Technology and Computerization of Agricultural Cooperatives and the NEDAC General Assembly. We thank you for your co-operation, support and generous hospitality.

We are very grateful to Hon'ble Minister for Agriculture and Cooperatives, His Majesty's Government of Nepal, Dr. Prakash Chandra Lohani for sparing his valuable time to meet and address the participants. Our special thanks to Mr. Purna Prasad Manandhar, Secretary, Ministry of Agriculture, Nepal for his unhesitating support to NEDAC. We appreciate the presence of the FAO representative, Nepal and the Regional Director, ICA ROAP, New Delhi, India in this meeting. I wish to put on record our hearty thanks and gratitude to Mr. J.N.L. Srivastava, IAS (Retired) Former Secretary, Ministry of Agriculture and Cooperatives, Government of India (one of the founder members) for kindly giving his consent to deliver the key-note speech in this meeting.

All the delegates/participants are looking forward to a memorable stay and fruitful learning experience. We thank FAORAP for providing support to NEDAC in organizing round table on Capacity Building in Agricultural Cooperatives in Beijing, China in 2001; Meeting on Agriculture Cooperative Enterprise Development (ACED) in India in 2003 and also for other supports. NEDAC Members are also grateful to FAORAP for its funding support to NEDAC in organizing/holding the Round Table on Impact of Globalization and Liberalization on Agriculture in general and Agricultural Cooperatives in particular in late January, 2001 at FAO Regional Office, Bangkok. In that meeting, negative and positive impacts of the globalization/liberalization on Agriculture and agricultural cooperatives were identified. NEDAC Strategic Action Plan 2002-2004 and some recommendations including capacity building of Agricultural Cooperatives were made.

We are gathered here not to discuss about the status of country programmes of the members or the cooperative organization/movement but to focus our attention on how our combined efforts should be directed to transforming agricultural cooperatives/small farmers organizations into viable rural institutions for sustainable agricultural/rural development. Agricultural Cooperatives/Farmers' Organizations need to respond appropriately to the changing scenario, otherwise survival will be at stake.

I am sure, the valuable advice/suggestions of our key-note speaker and lessons learnt through our open/frank discussions and field visits will definitely help us in framing our

recommendations for development/strengthening of agricultural cooperative. The learning experience will help us discuss and formulate programme(s) for capacity building in agricultural cooperatives at different levels and in different aspects such as, entrepreneurship development, improved professionalism, technology transfer, services to members, IT and computerization of agriculture cooperatives, networking etc. under favourable policy and legal framework. FAORAP's Technical guidance and support will always be gratefully acknowledged.

Coming to the role, relevance and survival of cooperatives in the global scenario, agricultural cooperatives should realize that there is no substitute for efficiency. Sustainable agricultural production with food security must be the guiding principle so far as agricultural sector is concerned. Foreign trade should supplement and not supplant national development/economy.

In the present scenario, community-based organizations like agriculture cooperatives, based as they are on voluntarism, self-help, self-reliance, and user centeredness have considerable potential to fill the social vacuum that appears to be enveloping the less developed economies. It is more relevant to promote IT through use of computers and networking between and amongst cooperatives and private sector. Let us face the situation and try to adjust.

As part of its effort to enhance and enrich member capability, NEDAC is utilizing this opportunity of the General Assembly meet to also organize a seminar on Information Technology and Computerization. I am sure, the experience of member-countries and the inputs of this Seminar would be of immense use to the participants. While various IT related aspects would be discussed at length during the Seminar, the network of computerization for networking among cooperatives is an aspect, which is a critical one. Networking of agricultural/agro-marketing/agro-processing cooperatives assumes significance from the point of view of providing a quick and reliable system through which the cooperatives as well as the members have access to information about price movements, market demands, market arrivals etc. Networking among cooperatives would comprise linkage building both at the organizational and functional levels. The organizational networking involves multi-tier integration and parallel integration among cooperatives as well as other agencies. At the functional level networking is designed to improve efficiency at the farm gate level through integration of various backward services for production and enhancement and forward services for post-harvest value addition and marketing.

Networking helps in planning and conceiving national and international trade logistics by harnessing information Technology (IT). IT can be used with advantage in information management and communications through electronic data interchange vertically and horizontally among manufacturers, suppliers, stores and warehouses dealers and retailers. In today's world no single cooperative can stand in isolation as information is an important and critical input for business success. Our deliberations will, I am sure help in drawing up a framework for actualizing some of these networks and inter-connectivity among member organizations and their constituents.

I wish each and everyone of us a productive/fruitful meeting and comfortable stay in the beautiful city of Kathmandu which provided the venue for the FAO Regional Conference for Asia and the Pacific and the Cooperative Ministers' Conference hosted by the Ministry of Agriculture and Cooperatives in the recent past years. I thank our host for making all arrangements to make our stay very enjoyable, memorable and pleasant.

Thanks again.

**Keynote Address on
Strengthening Primary Agriculture Cooperatives in the Asia Pacific Region**

J.N.L. Srivastava, IAS (Retd.)

Former Secretary, Ministry of Agriculture Department of Agriculture & Cooperation
Government of India

Ladies & Gentlemen,

I feel immensely honoured to be present in the NEDAC General Assembly Session for which I would like to thank NEDAC General Assembly, particularly its President, FAO and Mr. W.I. Khan. My special gratitude and greetings to the cooperative movement of Nepal. As the founder member of NEDAC I am very pleased to find that NEDAC has grown stronger during the last decade and explored innovations to strengthen the Agricultural Cooperative Movement in the Asia Pacific Region.

At the 1996 World Food Summit in Rome a goal was set to cut the hungry people by half by 2015, but there was a big disappointment when we met at the World Food Summit five years later in June 2002, as the rate at which we were moving in reducing hunger, World Food Summit target of 1996 could not be achieved. It has become clear that hunger could be reduced only through agricultural and rural development specially in the Asia Pacific region – more specially in the South Asian Region. Among the priorities listed for action, emphasis has been laid on improving agricultural productivity and enhancing livelihoods for food security in poor rural communities, developing and conserving natural resources expanding rural infrastructure and broadening market access, strengthening capacity for knowledge generation and dissemination and ensuring access to food for the most needy through safety nets and other direct assistance. A programme which would cover the priorities would obviously need adequate support by way of policy, finance, institutional infrastructure and political commitment.

In my opinion Agricultural Cooperatives which are the best suited organisations to fight the battle of hunger and poverty have to be lifted to the front stage if we are to be anywhere near the goal set up by the World Food Summit 1996. I am glad to mention that very birth of NEDAC took place in this setting. The role of cooperatives as partners in poverty alleviation and economic development through equity and justice has been recognized by the civil society and government. Agriculture cooperatives have proved a very effective instrument for sustainable food security, poverty alleviation and rural prosperity and employment like the dairy cooperatives in India and similar cooperatives in other countries.

In the agricultural cooperative system the Primary Agriculture Cooperatives constitute the foundation whose strength and vitality could determine the strength of the system, and that could promote sustainable and accelerated growth of the rural economy. The major challenge before the cooperative movement is: how to strengthen the Primary Agricultural Cooperative

System. In many countries of the region, cooperatives have been treated as an extension of the government and have enjoyed protection and patronage of the state. In a liberated and globalised economy, as economies open up and trade barriers are removed both for the internal and external trade, how to maintain the strength of the Primary Cooperatives is a major challenge before all of us. I strongly feel that the present environment offers opportunities for the cooperatives to rejuvenate themselves provided we quickly adapt to the emerging situation and introduce cooperative reform and take advantage of the information and communication technology.

Agricultural cooperatives have to move from the regime of protection and patronage to the regime of competition, freedom, autonomy and democratic professional management. A major initiative needed is to develop the Primary Agriculture Cooperatives as multipurpose business entities meeting the demand of the members at their doorstep for which diversification of their activities has to take place in a professional manner. Primary Agriculture Cooperatives (PACS) not only have to carry on their traditional role of providing agricultural inputs including seeds, fertiliser, pesticides, agricultural implements, extension, but also have to take up new activities like banking and credit, insurance both general and life as agents of the insurance companies, running the consumer stores, marketing specially contract farming, fruit and vegetable processing and also diversification in the area of services sector. More of science and technology has to be penetrated into the activities of such societies. In this process of expansion and diversification participatory approach through an intensive process of education and training of the cooperative members and use of information and communication technology would be required on a large scale.

But the question arises: how do you do it – what is the process and what institutional support mechanism is created for this purpose. In India, the IFFCO Foundation, which is a public trust created by IFFCO, the largest fertiliser giant in Cooperative Sector in the Asia Pacific Region has decided to set up Cooperative Development Resource Centres in a few selected districts in a few states of the country to provide technical and professional guidance to Primary Cooperatives to strengthen them to expand the diversify their business in a competitive way to help and support their members for their sustainable economic development. The strategy emphasizes convergence and networking of various programmes being operated for the agriculture and rural development with a great emphasis on cooperation among the cooperatives and promotion of primary cooperatives and develop Self Help Group as a subsystem of the PACS.

1. THE NEED AND OBJECTIVE OF RESOURCE CENTRE

1.01 In the past, the PACS had been encouraged to prepare the business Development Plan (BDP) to expand business but this did not succeed because expert guidance from planning to execution of the programme was not available to the PACS, While the business environment became complex, transition of PACS and other primary societies from being distributing agencies to marketing posed challenges which they haven't been able to cope up with. The PACS do not possess financial strength to employ well qualified professionals. The higher tiers of the cooperative movement have neither the required human resource nor the expertise to hold the hands of the primaries. In some

case, the central and apex institutions have themselves become obstacles in the growth of the primaries.

- 1.02 There is a need for constant guidance and expert advice on day to day basis to primaries to manage their business. Expert and professional advice is needed to expand and diversify business, explore new areas like banking and insurance, farm advisory service, supply of quality inputs, like pesticides, micro nutrients, organic manure, biofertilisers, biopesticides etc. Proper, accurate and timely accounts keeping, reconciliation of accounts with banks and suppliers of material to PACS, and timely audit remain an area of concern in the absence of professional and expert guidance and help. Member awareness and training remain weak areas. The involvement of women remain neglected. Rejuvenation of PACS requires attention to all these aspects. The primaries have neither professional staff nor can they hire staff on full time basis on account of their low turnover and income.
- 1.03 It is in this background that it is proposed to start a Cooperative Development Resource Centre(CDRC) on pilot basis in selected districts in the country to strengthen and revitalize the primary cooperatives in such districts.
- 1.04 The profitability of the society will depend upon business turnover margins, quality of service, cost recovery of service, cost of investment and the overhead cost. The primary society should be allowed to pay according to their earning capacity but staff employed has to be optimally utilized and wherever needed, qualified staff has to be recruited. The CDRD will help identify such staff and provide them training and guidance. A minimum turnover of Rs.40 lakh is needed for break-even.
- 1.05 The objective of the CDRC will be to develop PACS into a self-sustaining multipurpose viable unit. There is a need to strengthen and assist them by way of
 - I. Development & diversification of business operations with special reference to banking activity.
 - II. Upgradation of managerial skills, i.e., training of paid and elected management & member education.
 - III. On the job consultancy & guidance, for maintenance of accounts and compliance of various legal/statutory requirements.
 - IV. Creation of necessary Infrastructure & financial assistance for development of business
- 1.06 New Areas Identified for diversification are: Banking, Insurance, Services, Rural Tourism Agriculture, Extension, Primary Processing and Marketing, Post harvest management, diversified agriculture and networking with the cooperative institutions.

2.00 THE CONCEPT OF CDRC & EXPECTATIONS:

- 2.01 The resource centre is based on the concept of Human Resource Shared Service Centre. It will function as an out sourcing and consultancy firm. It will provide consultancy to the primary cooperatives. It will consolidate and centralize human resource delivery

service as well as realign process through business process reengineering and eliminate redundancy. It will create an empowered and motivated work force to reduce cost of delivery of the service. It will help to identify source of funds, whom to approach and how. It will thus teach. “Do how” to the PACS and other primaries.

2.02 Eventually the centre will be run as a profit centre and not as a cost centre. It will help achieve economy of scale by charging PACS for shared services. Accounts experts can advise all the PACS/Coops in arranging finance and maintaining accounts, the lady mobiliser can take up women education and advocacy including women Self Help Groups (SHGs). The centre will guide PACS in thrift and credit, insurance and risk management. PACS do not have expertise available to them, the cadre secretary concept is a patch work which has not worked. The centre can leverage information effectively. It will also help in sharing the best practice in PACS.

3.00 EXPECTATIONS FROM CDRC

- (i) Contribution to the growth in business and market share of PACS
- (ii) Penetration of Credit in the rural areas with focus to low income group.
- (iii) Effective or resource mobilisation to build savings habits of people
- (iv) Effective participation of the members in management with appropriate training.
- (v) Growth in agricultural produce in qualitative and quantitative term with technical guidance and support.
- (vi) Proper compliance of Act, Rules and Regulations.
- (vii) Qualitative improvement in the maintenance of books of Accounts, Audit and Management Information Systems.
- (viii) Better Coordination for cost effective procurement of input items like, fertiliser, seed, pesticides, farm implements etc.

4.00 MONITORING & EVALUATION OF CDRC

4.01 The nodal agency in all CDRC will be IFFCO Foundation. The head quarter will provide all kind of guidance, direction and support to CDRD located at different centres. One of the consultant shall be nominated as team leader for the purpose of accountability and coordination between Foundation, PACS and State Govt. The Foundation will coordinate with sponsoring agencies. All the appointments will be made by Foundation.

4.02 To bring uniformity in approach and actions Foundation will issue guidelines from time to time.

4.03 The evaluation of the performance of the PACS will be carried by Foundation from time to time on the following basis:

- (i) Sustainable growth in business of various items, specially supply of agricultural inputs and marketing of produce.
- (ii) Sustainable growth in profitability deposit mobilization, and lending.
- (iii) Quantum of default and Non-Performing Assets (NPA) and cases of fraud etc.

5.00 SUPPORT OF THE INSTITUTIONS

- 5.01 In order to ensure smooth functioning and to achieve the objective and expectations, financial and other administrative support of the State Cooperative Department will be necessary.
- 5.02 The financial and other support of the institution like NABARD, IFFCO, KRIBHCO, NAFED and IPL will be solicited as these organisations have major interest in the successful operation of Primary Cooperative Societies.

6.00 FINANCIAL REQUIREMENT OF THE RESOURCE CENTRES

- 6.01 The IFFCO Foundation will finance around ten Centres in four selected states in the country. Each Centre will take up strengthening of about thirty societies to begin with and gradually cover other societies in the district. Besides the Foundation, other national, state, regional and local organizations would be approached to meet the fund requirement of a few such Resource Centres.
- 6.02 The Resource Centres will have Specialists in Banking Business Development, Women Cooperative Development, Cooperative Law and Cooperative Development and Audit & Accounts. The details of the functions of each of the Experts has been laid down in the Scheme. The CDRC is expected to be self financing within a period of three years and hence the sponsors including the Foundation may not be required to provide any financial support at the end of the third year.

Primary Agriculture Cooperatives with modern professional guidance would be in a position to achieve the objectives set by the national governments and the UN system, specially FAO in improving the conditions of the resource poor farmers and rural poor and help achieve the goal of a free and prosperous civil society. NEDAC has also developed similar concepts. It is possible to work out a more collaborative approach between FAO-NEDAC and IFFCO Foundation.

Speech by Bishwa Bandhu Gautam

Co-chairperson, National Cooperative Development Board, Nepal

Honorable Chief guest
Distinguished delegates
Participants, Ladies and Gentlemen

It is a great pleasure for me to have an opportunity to organize this “7th NEDAC General Assembly and Seminar on Information Technology and Computerization of Agricultural Cooperatives” and welcome you all in our herbarium country, Nepal. This General Assembly Meeting gives us a quality leadership to promote the cooperative movement in the Asia pacific region. Moreover, the Seminar shall provide immense of knowledge and opportunity to find a path of modernization to enhance the existing capacity of agricultural cooperative through information technology and information marketing.

I hope that the plenary session will also address the issues that we are facing in the sector of agricultural cooperatives. In the present context of Nepal, the marginal farmers and most of the youths are migrating from rural area seeking for employment and alternatives to the subsistence agriculture. This situation forces to leading towards the food deficit and increasing large unemployment.

This august gathering shall find the ways and provide suggestions and recommendations on how could we enhance the institutional capacity of agricultural cooperatives? How could we monitor and establish a database management system not only for the agricultural cooperatives but also for the saving & credit, consumers, dairy, and other cooperatives? Since, if we could not establish dynamic linkages among different sectoral cooperatives through functional networking and information technology, the cooperatives institutions could not provide the economies of scale to the marginalized farmers.

I would also like to request you all to identify the ways to check the migration from rural to urban area through improving the functional approach of agricultural cooperatives. In my opinion, Nepalese farmers can be benefited through developing the capacity of existing agricultural cooperatives to preserve and produce herbs to generate substantial income from the same land. You all know that Nepal is a reach country for having more than 750 species of valuable herbals. If we could visualize institutional development strategies in this direction, it would provide an opportunity to the farmers to produce high value not-timer product to earn foreign currency and farm type products for their own livelihood. Moreover, it will enhance the capacity of food security and alternatives to farm types as non-timber cultivation. This initiative can promote the cooperative movement in a new dimension in the Asia pacific region to improve the quality of life of the people.

At the end, I would like to thank MOAC, FAO, NEDAC, NCF/N, Sajha, Yatayat, Sajha Prakashan, Sajha Swasthys, Sajha Pasal, Lilitpur Sub-metropolitan city, Only at Nepal

and Sajha Bhandar and other supporting organization on behalf of NCDB and organizing committee for their sincere support to make a grand success of this meeting.

Thanking you all and have a pleasant stay in Nepal.

Vote of Thanks by Mr. Rishi Ram Lamichhane
Member Secretary, National Cooperative Development Board, Nepal

Mr. Chairman, Hon'ble Minister Dr. Prakash Chandra Lohani, Honorable member of National Planning commission, Excellencies, Distinguished delegates, Ladies and Gentlemen.

It gives me a great pleasure to extend my heartfelt thanks and warm regards to you all in this august gathering. At this moment, first of all, I would like to thank all the distinguished delegates for unanimously selecting Nepal as a venue for the 7th NEDAC General Assembly during the 6th NEDAC General Assembly held in China.

As we all know, the history has witnessed that we have completed a long journey of cooperative movement in different places of the world up to the 21st Century. In Course of time we have learned and shared many things for reciprocal merits and welfare. In this process I hope this general assembly and meeting will also make its significant contribution to trace out appropriate road map to proceed ahead.

Your presence in this NEDAC General Assembly and meeting on Information Technology and Computerization of Agricultural Cooperatives is indeed an honor to the host country Nepal and is really a memorable event for us. I hope the deep sense of cordiality that exists among us will grow further in the future.

May I take this opportunity to express our sincere thanks to the Hon,ble minister for Agriculture and Cooperatives Dr. Prakash Chandra Lohani for gracing this occasion and for his noteworthy inaugural speech.

Likewise I would like to thank Hon'ble member of National Planning Commission Excellencies, distinguished delegates and dignitaries for their presence in this ceremony. I appreciate the efforts of organizing committee, sub committees and secretariat to make the General Assembly and Meeting a successful one. My appreciation also goes to the Hotel Everest for their arrangements in this regard.

Before I conclude, I would like to wish your stay in Nepal to be comfortable and memorable one.

I, once again, thank you all.

**Program for NEDAC General Assembly
(29 Oct. to 01 Nov., 2003)**

| | | |
|------------------------------------|-------------|---|
| 28 Oct., 2003 Tuesday | | Arrival of delegates |
| 29 Oct., 2003 Wednesday | 09:30-10:30 | Registration of delegates |
| | 10:30-11:30 | Inaugural Ceremony* |
| | 11:30-12:00 | Refreshment |
| | 12:00-13:30 | 1. Election of NEDAC Executive Committee Members for 2004-2005 (Shifted to 1 Nov, 2004) 2. Presentation of Technical Papers on Information Technology (IT) and Computerization of Agricultural Cooperatives by Dr. Virginia and Mr. K.L. Nalwaya |
| | 13:30-14:30 | Lunch |
| | 14:30-15:30 | Presentation of country paper (6x 10 minutes) |
| | 15:30-16:00 | Tea Break |
| | 16:00-17:00 | Presentation of country paper (cont'd) |
| 30 Oct., 2003 Thursday | 09:00-10:30 | Training needs for information of capacity building within Agricultural Cooperatives with reference to promotion of Small and Medium Enterprise Development in the Agricultural and Rural Sector. The potential role of relevant specialized, technical education and training institutions and sponsoring Agencies for cooperative development training within the region: a.b.c. FAO-RAP; Japan and Malaysia & (Dr.Daman Prakash, others), ICA-ROAP, others, etc. |
| | 10:30-11:00 | Tea Break |
| | 11:00-12:30 | General discussions on training for capacity building of Agricultural Cooperative. |
| | 12:30-13:30 | Two working groups discussion for preparation of common standard format for collection and sharing of data on Agricultural Cooperatives with special reference to Small and Medium Enterprise Development. |
| | 13:30-14:30 | Lunch |
| | 14:30-15:30 | Working groups presentation of their recommendations for collection /compilation and sharing of data/information. |
| | 15:30-16:00 | Tea Break |
| | 16:00-17:00 | Plenary session recommendations/resolutions on format for data collection. |
| 31 Oct., 2003 Friday | | Field visit to cooperatives |

| | | |
|----------------------------------|-------------|---|
| 1 Nov., 2003 Saturday | 09:30-17:00 | NEDAC- General Assembly Session (a) Election of NEDAC Executive Committee Members for 2004-2005 (b) NEDAC Activities in 2002-2003 (c) NEDAC Financial Report in 2002-2003 (d) NEDAC Secretariat matters-W.I. Khan (e) Special thanks to host organizations and Ministry of Agriculture, HMG/Nepal (f) NEDAC membership drive & resources mobilization Messrs W.I. Khan/Wim Polman/Dinesh Rai (g) NEDAC Workplan/Major Activities for 2004-2005 (h) Venue for next NEDAC General Assembly in 2005 (i) Adoption of NEDAC General Assembly Resolutions (j) NEDAC Executive Committee Meeting (Agenda will be circulated later) |
| 2 Nov., 2003 Sunday | | Departure of Delegates |

. * Attached in separate sheet

INAUGURAL CEREMONY

Date: Oct 29, 2003

Time: 10.30 hrs.

Venue: The Everest Hotel, New Baneshwor, Kathmandu

| | |
|-------------------|--|
| Chief Guest | Dr. Prakash Chandra Lohani Hon'ble Minister for Agriculture and Cooperatives, Nepal |
| Chairman | Mr. Bishwa Bandhu Gautam Co-chairperson, National Cooperative Development Board |
| Welcome Address | Mr. Deepak Prakash Baskota Chairperson, National Cooperative Federation of Nepal |
| Inauguration | Dr. Prakash Chandra Lohani Hon'ble Minister for Agriculture and Cooperatives, Nepal |
| Opening Remarks | Mr. Dinesh Rai IAS Co-chairman, NEDAC |
| Keynote Speech | Mr. J.N.L. Srivastava IAS (Rtd) Former Secretary, Ministry of Agriculture, Government of India |
| ICA Address | Mr. Shil Kwan Lee Regional Director, ICAROAP |
| Inaugural Address | Dr. Prakash Chandra Lohani Hon'ble Minister for Agriculture and Cooperatives, Nepal |
| Chairman Address | Mr. Bishwa Bandhu Gautam Co-chairperson, National Cooperative Development Board |
| Vote of Thanks | Mr. Rishiram Lamichhane Member Secretary, National Cooperative Development Board |

Closing of the Inaugural Ceremony with Photo Session and High Tea

**QUESTIONNAIRE FOR A DATABASE ON
AGRICULTURAL COOPERATIVES IN ASIAN REGION**

Country Profile

1. National database: Please give the relevant data for your country

| | | |
|-----------------------------------|-----------------|---------------------|
| a) Name of Country | | |
| | Fgs. In million | Year of information |
| b) Population of Country | | |
| c) House holds covered by coops | | |
| d) Literacy rate (%) | | |
| e) Average land Holdings | | |
| f) total area under agriculture | | |
| g) Total area under irrigation | | |
| h) % share of agri. In GDP | | |
| i) Total Area (million hec.) | | |
| j) % of Cultivable area (%) | | |
| k) % of villages covered by coops | | |

B. Existing System of Agricultural Cooperatives

2. Number, Membership and Operations of Agricultural Cooperatives:

- Please state as applicable in column (2, 3, 4) and reporting year

Year of Information

| Particulars | Primary Agri. Coops. | Secondary (Regional+ district) | Tertiary (State+ high) |
|-----------------------------|-------------------------|-----------------------------------|---------------------------|
| 1 | 2 | 3 | 4 |
| a) Total Number (000) | | | |
| b) Membership | | | |
| c) Male members | | | |
| d) Female members | | | |
| e) Total Share Capital | | | |
| f) of which members | | | |
| g) and Govt. participation | | | |
| h) Total turnover (million) | | | |

3. Please state the Structure of Agriculture Cooperatives from bottom-up and their functions.

**4. Type of Primary Agri. Cooperatives Operating in Your Country
(with Number, Membership and Operations)**

| Type/Area Primary Coops. | Number (Actual) | Membership Male/female (Actual) | Paid up Capital (Million) | Turnover (Million) |
|---|--------------------|---------------------------------------|---------------------------------|-----------------------|
| a) Primary Agricultural Coops i) single-purpose ii) multi-purpose | | | | |
| b) Processing cooperatives | | | | |
| c) Marketing of produce | | | | |
| d) Live Stock production i) Dairy Coops ii) Other live stock (Poultry, piggery etc.) iii) Animal, health & iv) Other service coops | | | | |
| e) Fisheries | | | | |
| f) Forestry/Horticulture/Plantation (Forest+ tree Growers) | | | | |
| g) Land settlement | | | | |
| h) Irrigation/ water users | | | | |
| i) Crop Insurance | | | | |
| j) Agri. Credit & Banking | | | | |
| k) Farming | | | | |

5. Trading Activities of Agri. Cooperatives (by all level of coops.)

**a) Total Volume of Agriculture Produce Marketed: (please mention the major 8 commodities)
and their% Share in National Economy**

| | |
|-----------------------------|--|
| i) Quantity (million tones) | |
| ii) Value (in million) | |

b) Volume of Inputs Produced/Distributed.

| | Produced (Million tones) | Distributed in qty. & value (Million tonnes & value) |
|---------------------------------|-----------------------------|---|
| 1) Fertilizer (bio and non bio) | | |
| 2) Insecticides/pesticides | | |
| 3) Improved seeds | | |
| 4) Implements | | |

**c) Total consumer Goods
Distributed by coops.
(Value in million)**

d) Production/Procurement of Agriculture Commodities (if possible, provide the information of top 8 commodities applicable to their country):

| Qty in million tonnes | Production (mil) | | Procurement (mil) | |
|-----------------------|------------------|-------|-------------------|-------|
| | Qty | Value | Qty | Value |
| i) | | | | |
| ii) | | | | |
| iii) | | | | |

e) Total Agriculture Produce Processed Mention Item Applicable to their Cooperatives (examples are given below)

| | Production (million) | | Capacity Utilization |
|------------------------------|----------------------|-------|----------------------|
| | Qty. | Value | |
| i) Sugar production | | | |
| ii) Spinning / Yarn Prod. | | | |
| iii) Pulses | | | |
| iv) Rice / paddy | | | |
| v) Oil produced / Processed. | | | |
| vi) Others / fruits & veg. | | | |

f) Export of Agriculture and Allied Activities by Agri. Coops. (mention first major 5-8 commodities) if any

| | Quantity (million tonnes) | Value (million) |
|------|---------------------------|-----------------|
| i) | | |
| ii) | | |
| iii) | | |
| iv) | | |

g) Import of Agriculture and Allied Produce/Products by Agri. Coops. (Please mention at least first five major commodities) if any

| | Quantity (million tonnes) | Value (million) |
|------|---------------------------|-----------------|
| i) | | |
| ii) | | |
| iii) | | |
| iv) | | |

6. Agri. Credit and Banking (all level of Agri. Credit Coops.):

| | |
|--|-------|
| i) Total credit/loans advanced | US\$. |
| ii) Credit/loans advanced for Agri. Production (short & medium term) | |
| iii) Credit/loans advanced for Agri. Investment (for irrigation, machinery etc i.e. long term) | |
| iv) Out of column (a) loans advanced to small farmers | |
| v) Loans advanced for other purposes | |

Volume of Saving & Deposits by: (Value in million)

| | |
|------------------------------------|--|
| i) Primary credit/banking coops | |
| ii) Secondary credit/banking coops | |
| iii) Tertiary credit/banking coops | |

Average rate of loan recovery (%)

| Years (past three yr.) | (Primary) | (Secondary) | (Tertiary) |
|------------------------|-----------|-------------|------------|
| i) | | | |
| ii) | | | |
| iii) | | | |

7. Economic Profile of Agri. Cooperatives (all level of Agri. Coops)

(Contributions of coops. in national economy)

a) Share of Agri. Coops in production/distribution of:

| | (Production %) | (Distribution %) |
|--------------------------|----------------|------------------|
| i) Total inputs | | |
| ii) Fertilizer | | |
| iii) Insecticides | | |
| iv) Pesticides | | |
| v) Seeds | | |
| vi) Fruits & Vegetables | | |
| vii) credit disbursement | | |

b) Share of Coops. in Agriculture produce marketed/procurement of (%) please mention first five major commodities

| | (Marketed) | (Procurement) |
|------|------------|---------------|
| i) | | |
| ii) | | |
| iii) | | |
| iv) | | |
| v) | | |
| vi) | | |

| | | |
|---------------------------|--|--|
| i) Fish production./catch | | |
| ii) Marketed | | |
| | | |

8. National Level Cooperatives (concerning to agri. development such as fertiliser industry, agri. marketing, etc.)

| | | |
|--|--------------------|--------|
| Name(s) and address with e-mail & website if any | | |
| Type of business/manufacture/trade | (value in million) | (year) |
| Share capital/equity | | |
| Govt. participation | | |
| Total annual turnover | | |
| Annual profit | | |
| Share of Export in the total business (if any) | | |
| % share in Asian Countries (item wise) | | |

FIELD VISIT

Lalitpur, 31 October

On the third day of the NEDAC General Assembly (October 31, 2003) a field visit was organized by the host organisations and participants were taken to visit the District Cooperative Union of Lalitpur, WEAN Cooperative and Sajha Transport.

Visit to DCU

The District Cooperative Union, Lalitpur (DCU) as a multi purpose cooperative was registered under the Cooperative Act, 1959 in 1969. Following the new Cooperative Act, 1992, its activities were devesified in the context of economic liberalization policy adopted by HMG/N. At present it has membership of 9 multipurpose cooperatives and 2 single purpose cooperatives. It has share capital amounting two NRs.27,500 and owned capital about one million. In the fiscal year 2002/03 its sales turnover is NRs. 225.7 million and has net profit of NRs330,000.

It is also a member of the National Cooperative federation of Nepal. DCU owns warehouse with the capacity of 500 mt., shopping complex and office building.

At the initial stage of DCU, it used to deal with fertilizers including other agricultural inputs and supply them to its farmers through their member cooperatives. For more than two decades fertilizers were continuously supplied by it. In fact, it had virtually monopolized the fertilizers business.

a) When HMG/N adopted the liberalization policy, it has deregulated the import of fertilizers. The fertilizers dealing went to the hands of the private sector. Consequently, DCU lost the fertilizer business because of unhealthy competition with them. Its main business activities has been switched over from the fertilizer to consumer goods. At present, a number of activities such as supply of essential goods, construction materials, supply of fertilizers, cooperative education and training programmes etc. are being carried out.

DCU also has facilitated the members of primary cooperatives to market and sell their vegetables in its premises every Saturday morning.

DCU being the autonomous and independent body is managed by its members without any interference of external agencies. It has general assembly consisting of all member cooperatives' representatives. The general assembly constitutes the managing committee consisting of 9 members for looking after its overall management and the accounts committee consisting of 2 member including one convenor and responsible for supervising and examining DCU's books of accounts.

DCU has 10 employees including a manager. The employees headed by a manager implement its activities, as stipulated in its bye-laws, and decisions made and policies adopted by the general assembly and the managing committee. During the discussion in DCU Lalitpur the participants exchanged of experiences with its office bearers. Each participants realized that diversification of activities is necessary in order to develop cooperatives at all levels.

Visit to WEAN Cooperatives

WEAN Cooperative, what is known as women producer's marketing cooperative was established under the Cooperative Act, 1992 and promoted by Women Entrepreneur's Association of Nepal (WEAN) as a marketing unit for its producer members. Its main objectives are skill training facilities to improve the quality of products, counseling and monitoring are provided for production and market support activities, regular training is provided in costing, pricing and quality control, support in product development of national and international markets etc. After observation of the activities of WEAN Cooperative, participants expressed interest to promote handicrafts and other varieties of products through women's participation in their own country for selling in the national and international market.

Visit to Sajha Transport

Sajha Transport what is known as cooperative transport service was promoted by a group of enthusiastic people with cooperative ideology in the year 1961. Its main objectives were to provide easy, comfortable and affordable transport services.

In 1969, the management of Sajha Transport was taken over by the Ministry of Transport. The Sajha Transport received support in kind (Buses, Machinery, Equipments ect.) from Japan payable to HMG as loan amounting to about NRs 700 million.

The Department of Cooperatives/HMG dissolved the Sajha Transport in 2002. A case was filed against the dissolution in the Appellate Court. The verdict from the court went in favour of Sajha Transport. Consequently, it restarted from zero since August 2003.

The Sajha Transport has 729 employees and has huge assets with 74 big buses, workshops and modern equipments and two fuel stations.

There were discussions between the delegates of NEDAC and Executive Managing Director Mr. Mukunda Raj Satyal about its activities. Mr. J. N. L. Srivastava, former Secretary, Ministry of Agriculture and Cooperation, India, in reply to his queries was informed that in Sajha Transport the leakages in revenues was about 30 percent.

The participants, the Resource Persons and the NEDAC Secretariat expressed their heartfelt thanks and gratitude to the cooperative societies visited for their courtesies and hospitalities extended to them.

NEDAC Workplan/Programme in 2004-2005

| | NEDAC | FAO |
|--|----------------|---------------|
| 1. Cost of NEDAC-Secretariat | 55,000 | - |
| 2. FAO-NEDAC Expert Group Meeting on Formulation of Strategic Action Plan on IT & Computerization(follow-up of meeting in 2003, Kathmandu) | 5,000 | 10,000 |
| 3. Exchange Visit/Study Tour of Agric. Co-op Leaders/Policy Makers/Experts to SRL/ BGD/Seoul, ROK (subject to confirmation by host organization) | 16,000 | - |
| 4. Documentation of success stories of agric cooperatives in selected countries of Asia | 3,000 | 1,000 |
| 5. Support to National Workshops on impact of WTO-Related issues on agricultural co-operatives and capacity building in agric. co-operatives | 4,000 | 2,000 |
| 6. FAO-ICA-NEDAC Meeting on Formulation of Collaborative Action Plan for Development of Agric. Co-ops | 2,000 | 2,000 |
| 7. Support to National Training/HRD Activities for Capacity Building in Agric. Co-ops | 10,000 | - |
| 8. Consultancy for collection/compilation/sharing of data/country information through Networking | 1,000 | 5,000 |
| 9. Support to National Programmes on Technology Transfer for increased food production/organic farming etc. | 2,000 | 2,000 |
| 10. NEDAC-Excom (2004/2005) | 8,000 | - |
| 11. TOT-Workshops/Dissemination of Training Manual/Materials etc for Women Co-ops Development (India/Nepal/Malaysia) | 5,000 | 10,000 |
| 12. Consultancy Services of Cooperative Experts/ Specialists | 5,000 | - |
| 13. Workshop for Promotion of Herbal Medicine through Agric.Co-ops/Disabled in selected countries (Nepal/India/Thailand) | 9,000 | 5,000 |
| 14. NEDAC-General Assembly and FAO-NEDAC Roundtable on Technical Issues on development of Agric. Co-ops | 10,000 | 8,000 |
| | 135,000 | 45,000 |

NEDAC Workplan for 2004 as approved by the Excom, Kathmandu,
1st November 2003

| Activities | NEDAC (US\$) | FAO (US\$) |
|---|-------------------------|-----------------------|
| 1. Cost of NEDAC-Secretariat | 27,500 | - |
| 2. FAO-NEDAC expert group meeting on capacity building on IT & computerization in support of ACED, documentation of success cases on IT and networking of agric. co-ops | 6,000 | 10,000 |
| 3. Exchange Visit/Study Tour of Agric. Co-op Leaders/Policy Makers/Experts to Bangladesh (Also confirmed by Bangladesh-delegate) | 7,000 | - |
| 4. FAO-NEDAC meeting on strengthening PACS on ACED in response to WTO related issues/policies including success cases and networking | 10,000 | 7,000 |
| 5. FAO-ICA-NEDAC meeting on formulation of collaborative action plan on development of agric. co-ops | 2,000 | 1,000 |
| 6. NEDAC-Excom (2004) | 8,000 | - |
| Total | 60,500 | 18,000 |