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**UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA
MULTI-DISCIPLINARY REGIONAL ADVISORY GROUP**

**REPORT OF A MISSION TO THE
MINISTRY OF COOPERATIVES AND HANDICRAFTS**

MAURITIUS

(13 February to 2 March 1995)

**Addis Ababa
April 1995**

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Appendix: List of Ministries, Parastatals, Cooperative and other Organizations Visited

(i)

A. SUMMARY OF RECOMMENDATIONS

GENERAL

The Ministry of Cooperatives, in collaboration with different technical ministries, has an important role to play in building and strengthening the cooperative sector as an important component of the Mauritian economy. The Ministry needs all out support, to improve capacity among its cadres, build professional and special capabilities and a restructuring and strengthening of its Audit network.

The offices of the Registrar of Cooperative Societies should also be strengthened with subject matter specialists and may be moved to a more central location like other directorates for facilitating promotional and supervisory role of staff.

Consumer Cooperative

A high degree of competition at the retail level, the availability of an ever-increasing range of goods and services, the consequence of a large number of modern supermarkets and a hyper-market, etc., all pose a big challenge to the cooperative retail outlets and their survival. The movement and the Ministry need to urgently undertake an indepth study of the ways and means of restructuring and reorganizing the cooperative retail network to face this challenge.

Cooperative Savings and Credit Unions

The present membership of Credit Unions constitutes a small percentage of manpower employed in the formal sector. These and other sectors, where additional jobs are likely to be created, should be the future targets for expansion of this sector. A new outlook, and the active support of agencies like the Association of Employers, the trade unions, etc. could lead to a rapid expansion and diversification in other areas, e.g. housing cooperatives, modern retail outlets, etc.

Workers Cooperatives

As in the case of sand-carriers, groups of young artisans, handicraft and other workers could be combined into cooperatives to improve their economic lot. This is an area which requires more attention from the Ministry and the movement.

(ii)

Housing Cooperatives

A beginning has been made by the Ministry in organizing Housing Cooperatives, with a view to helping low and middle income groups. The movement and the Ministry, in collaboration with technical ministries concerned, should develop a long-term plan for the creation of a strong cooperative housing sector. Special infrastructural capability should also be built up within the Ministry.

MCC Bank

It is desirable that a reconstituted MCC Bank which is still the custodian of the cooperative movement's savings, should become, as soon as possible, a fully owned cooperative Bank.

In addition to the assistance which the Government may provide in this regard, there is a need to have a built-in system to retain a small percentage of loans as member cooperatives' contribution towards the share capital. This should lead to a replacement of capital put in by some of the parastatals. A similar procedure to increase members' share contribution at primary level should be adopted.

Mauritius Cooperative Union

The present state of affairs in the Union, is not conducive to the further growth of the cooperative movement. The Ministry, while continuing to provide grants, should consider providing services for a limited period to a young dynamic and devoted civil servant to help in reorganization, strengthening and restoring the Union to its apex position.

In order to make the Union more financially self-reliant, the Ministry should consider steps to ensure that cooperatives at all levels make an annual contribution to the Union. The Ministry may also wish to consider providing the Union with assistance to erect its own premises.

The Ministry should consider, in addition to various suggestions made by the MAB, nominating women and youth leaders on the Management Committee of the Union, to make it more dynamic.

(iii)

Cooperative Development in Rodrigues

In view of limitations imposed by geography and size of the movement and the work force, it will be desirable to have a small network of multi-purpose cooperatives federated into a single federation responsible for all the activities. This multi-purpose federal body, with a team of professionals, could promote the rapid growth and viable functioning of the movement.

COOPERATIVE EDUCATION AND TRAINING

National Cooperative Institute

The need for continuous and systematic training to upgrade the managerial and professional capabilities of the cooperative organizations has become a imperative if the movement is to play its role in promoting agricultural diversification, modernization and mechanization; savings and credit; retail trade; and the strengthening of workers and housing cooperatives. This need should be fulfilled by a National Cooperative Institute being established on proper lines and on a priority basis.

Location of the Institute

It will be desirable that a Master Plan for the Institute be developed which would take into account the anticipated role of the movement in the year 2000, and the possibility of the Institute becoming a Regional one catering to the requirements of other member countries of the Indian Ocean Commission. Work on the Plan should commence as soon as possible.

Financial and Technical Assistance

The Government of Mauritius should take initiatives to seek financial assistance including assistance for residential facilities, technical and other equipment from a consortium of donors which may include UNDP, ILO, FAO, SIDA, Frederick Eibert Foundation, etc.

Management Structure

A broad-based advisory body may be set up to take care of the national policy, long-term perspective, short-term plans for cooperative education and training, their implementation, and management and administration of the Institute. The advisory body should be headed by the Minister for Cooperatives and Handicrafts and should have representatives from different ministries, parastatals and cooperative movement.

An Executive Committee headed by the Permanent Secretary in the Ministry for Cooperatives and Handicrafts, and representatives from other Ministries, parastatals, cooperatives, etc. may be set up to help the management of the Institute to carry out its day-to-day functions.

A Director, who should be a senior civil servant preferably with a background in business management/human resource development, will be responsible for the management of the Institute.

Composition of the Institute

The Institute should structurally comprise a Planning and Research Unit, a Training Unit, a Production Unit, a Computer Unit, an Extension Unit and a Library. The Administration Unit, directly under the Director of the Institute, should be responsible for administration and maintenance of the Institute.

A Model Retail Unit properly equipped would be put up for practical training for the consumer cooperative staff and also for meeting the small range of staff and trainees' requirements.

TRAINING NEEDS AND TRAINING SCHEMES

Special Study Tours

A new dynamic approach in the development of intensive training programmes for cooperative membership, leaders at primary, federal and tertiary levels, movement and department staff as broadly indicated, should be adopted. The Institute should, in addition to the on-going programmes, organize special study tours for young dynamic leaders/managers/officials to enable them to get an insight into the successful development of cooperative sectors in other countries. This could be done in collaboration with the Government, donor agencies, and cooperative movements in other countries.

Regional Cooperative Seminar

The Ministry may, in collaboration with UNDP, consider holding a seminar for Senior Cooperative Officials and Leaders from the member countries of the Indian Ocean Commission to chart out a strategy for the future development of the cooperative movements, inter-cooperation and setting up of the Regional Institute.

Training of Trainers

In addition to intensive training programmes for the trainers at the Institute's level, and with a view to widening the perspective and development of strategy for the future, it will be desirable to send senior trainers on a study tour of other movements in selected countries.

(v)

Linkages

The Institute should revive training through the long-term Certificate Course in Cooperative Development, Administration and Management with the University of Mauritius and the Mauritius Examination Syndicate.

It should also create an effective link with the Regional Office of the International Cooperative Alliance and cooperative training institutes in countries such as Zambia, Zimbabwe, Botswana, Kenya, etc... Contacts should also be maintained with similar institutions in other countries.

AGRICULTURAL COOPERATIVES AND PUBLIC POLICYConstraints faced by Cooperatives

The ability of the cooperative sector to face the challenges and contribute effectively towards the agricultural sector's pressing demands in respect of diversification, modernization and mechanization has remained limited. There are various constraints which have been pointed out by earlier missions by outside agencies and, more recently, by the Management Audit Bureau. These should receive the attention of the Government on a priority basis.

Restructuring of Primary Cooperatives

The Mauritius Cooperative Agricultural Federation, which has made a beginning in setting up a Multi-purpose Cooperative Society, should be encouraged to continue with the programme. It should be given financial assistance to build up its managerial cadre including accounting staff for manning the multi-purpose societies that the Federation and the Department may set up.

The MSA/MCCB/Ministry of Cooperatives Scheme which makes grants to Cooperative Credit Societies for the acquisition of computers should give priority to multi-purpose cooperative societies.

The assistance being received from UNDP/ILO for computerization of accounts in Cooperative Consumer Stores should also be extended to multi-purpose cooperatives in the agricultural sector and the Government should approach the donors for a continuation of the assistance. The Government may also seek assistance in this regard from the Mauritius Sugar Authority.

Restructuring of the Federal Organisation

The mission suggests a phased programme for restructuring of the federal organization in the agricultural sector as follows:

- The Mauritius Cooperative Agricultural Federation, the Mauritius Agricultural Marketing Federation and the newly set up Mauritius Agro-mechanical Federation should be merged together to form the Mauritius Agricultural Cooperative Supplies and Marketing Federation (MAFED).
- The management of the Mauritius Livestock Federation, Pig Federation and the two Tea Federations should be taken over by MAFED. In due course, they also should be merged into MAFED or phased out.
- MAFED should be assisted by the Ministry to obtain suitable premises and to appoint additional managerial, accounting and supervisory staff.
- MAFED should take the necessary measures to strengthen its own financial base to become self-reliant.
- The Ministry should, with the assistance of donors, secure the services of advisers in Management of Agricultural Supplies and Marketing, and Business and Financial Management for a reasonable duration of time. Services of specialists to look into some of the non-performing units may also be obtained.
- MAFED should develop a Master Plan for the erection of branches, warehouses, workshops, cold storage, etc. for which long-term assistance may be sought from agencies like the World Bank, etc.

Government Policy

To enable the cooperative structure to rejuvenate itself and play an important role in the country's fast-changing economy, continued recognition, support and assistance from the Government will be required for a few more years, to build capability for diversification, modernization and mechanization of the farming sector which is composed of small planters, metayer and growers. This should also help the sector (with restructuring) to take off in areas such as processing, cold storage, export of crops and import of inputs, etc.

The Government should continue its policy of according cooperatives preferences and privileges and should facilitate the reorganization and consolidation of the movement, and the setting up on a priority basis of the National Cooperative Institute.

B. INTRODUCTION

Background to the Mission

1. The Ministry of Cooperatives and Handicrafts of the Government of Mauritius made a request in August 1994 for advisory services to assist the Government in strengthening the proposed National Cooperatives Institute.

2. Mr. Crispin Grey-Johnson, Senior Regional Advisor of MRAG and Mr. V. Sethi, a consultant on Cooperative Management, undertook this mission to Mauritius from 13 February to 2 March 1995.

Terms of Reference

3. The Terms of Reference of mission were as follows:

1. To assist in strengthening the National Cooperative Institute by:
 - a. advising on the setting up of an effective management structure for the Institute;
 - b. assessing training needs and design training schemes;
 - c. advise on appropriate training methodologies and tools to be used; and
 - d. advising on affiliation with other similar institutions.
2. To strengthen public policy on agricultural cooperatives by:
 - a. assessing the role and contribution of agricultural cooperatives in the economy;
 - b. identifying the major problems and constraints hampering the development of agricultural cooperatives;
 - c. proposing ways and means of strengthening cooperatives;
 - d. identifying the technical and administrative support required; and
 - e. advising on national policy on agricultural cooperatives.

Method of Work

4. The members of the Mission had, on arrival, a briefing session with the Permanent Secretary of the Ministry of Cooperatives and Handicrafts. The senior officials of the Ministry were also present. Modalities of work and visits to different ministries, organizations, and cooperative institutions were discussed. This was followed with a courtesy call on the Honourable Minister for Cooperatives and Handicrafts who briefed the Mission on the problems being faced by the cooperative movement and the action being taken by the Government to build up a strong cooperative sector. During a working session with senior officials of the Ministry, a detailed programme of visits to different ministries, parastatals, cooperatives and other institutions was worked out.

5. The Mission members had the benefit of attending an Annual General Meeting of a Water Users Cooperative, of small farmers involved in production of vegetables. The meeting was addressed by the Honourable Minister of Cooperatives and Handicrafts and also by senior officials of Cooperatives and the Ministry of Agriculture.

6. Visits to several cooperatives organizations at primary and federal levels were undertaken and discussions held with the management and cooperative leaders. A detailed working session was also held with the Chairman and other office bearers of the Mauritius Cooperative Union, the national apex body.

7. Consultations were also held with officials in various other ministries and agencies involved in the field of education, extension and training, including the University of Mauritius. These meetings and consultations were of great benefit for the purposes of the Mission.

8. The members of the Mission, though each focusing on a specific aspect of the Mission's activity, reviewed progress at the end of each day and the activities proposed for the following day. A list of cooperatives, other agencies, institutions and ministries visited is appended.

9. The Mission is grateful for the wholehearted cooperation extended to it by the officials in the Ministry of Cooperatives and Handicrafts, for the elaborate and intensive programme of visits, discussions in numerous ministries, cooperatives, and other organizations in different sectors.

Documentation

10. The Mission was provided with copies of annual reports and periodicals of the Ministry and various cooperative organizations at different levels. The Mission also received the in-depth reviews undertaken by the Management Audit Bureau of the Ministry of Finance in respect of the Ministry, various federal cooperative organizations, etc. Documentation was also provided by other ministries and agencies visited by the Mission. This background material has been of great help to the Mission in its study and findings.

Acknowledgements

11. The Mission appreciates the courtesy and the facilities extended to it by the officials of the Ministry of Cooperatives and Handicrafts. It is also thankful to the other ministries, parastatals, and cooperative institutions for their cooperation and help. In particular the Mission would like to record its thanks to:

The Honourable Jagdishwar Goburdhan,
Minister of Cooperatives and Handicrafts

Mr. S. Subhramaniam, Permanent Secretary,
Ministry of Cooperatives and Handicrafts

Mr. K. Sadhu, Registrar of Cooperative Societies

Mr. M. D. Phokeer, Secretary for Cooperative
Development

Mr. M. Nardeosingh, Cooperative Development Officer

Chairman, Executive Committee Members, and officials of

- a. Mauritius Cooperative Union
- b. Mauritius Cooperative Agricultural Federation

C. REPORT OF THE MISSION

Scope and Approach

12. The Mission has taken cognisance of the detailed and in-depth studies recently undertaken by the Management Audit Bureau (Ministry of Finance), in respect of the work at the Ministry of Cooperatives and Handicrafts, and various entities in the cooperative sector in Mauritius and Rodrigues. It is also aware of the earlier reviews of the movement undertaken by outside agencies like International Cooperative Alliance. The Mission has taken a comprehensive view in examining the constraints the agricultural cooperative sector is facing and has suggested remedial measures and possible policy reorientations in the present context of the Mauritian economy. Factors that dictate policy reorientations include the decline in the contribution of the sugar sector, and the efforts being put in agricultural modernization and diversification, the slow progress in the mechanization of the agricultural sector in the context of 35,000 small planters who presently contribute 38 per cent of the sugar production. These planters form the main membership of agricultural cooperatives. A brief reference has also been made to cooperatives development in Rodrigues.

13. A similar broad approach has been taken in respect of the content and depth of training activities in the cooperative sector against the background of more sophisticated professional manpower development that this sector needs to meet the increasing challenges with the rapid growth in the other sectors of the Mauritian economy.

14. The Mission has also looked into some allied areas like accounting, financing, self-reliance and development of cooperatives in other sectors, and has made suggestions for improving the overall role of this sector.

Cooperative Movement in Mauritius - Evolution and Challenges

Primary Cooperative Structure

15. The cooperative movement in Mauritius has been in existence for more than four decades. The movement has now become a part of the socio-economic fabric of the country. The movement started at the turn of the century with sporadic grouping of the sugar-cane planters who, after abolition of slavery, had managed to acquire small plots of land which were put on sale by large estate-owners. Gradually, the number of small owners had reached 35,000 and they owned one third of the total land under sugar-cane cultivation today. These small planters are still the most important segment of cooperatives in Mauritius and have a strong hold on the movement and its various institutions.

16. Over the years, the movement spread into other areas in the agricultural sector to incorporate the tea growers, vegetable and fruit growers, livestock keepers, pig breeders, poultry

producers and fishermen, etc. In recent years, agricultural support service cooperatives have been organized to provide to the planters agro-mechanization, transport, and water supply services, etc. Cooperatives have also been organized to help the small producers of vegetable crops.

17. At the beginning of 1992, there were 339 primary cooperative societies in the Agricultural and Support Services Sector with a membership of 55,487 and share capital of Rs 5,159,000. These societies accounted for a total turnover of Rs 994 million. Within the sector, cooperative credit societies of sugar-cane planters and agricultural marketing societies accounted for more than 60 per cent of the membership, and 85 per cent of the turnover.

18. In the late forties, and with the change in cooperative law, a beginning was made in organizing cooperatives in other than the agricultural sector. To combat profiteering in the field of retail trade, a network of consumer cooperatives was organized. There is at present a network of consumer cooperatives numbering about 62 and spread all over the Island, with membership of about 25,000, and an annual turnover of Rs 216 million for the year ended February 1992. These cooperatives represent the efforts of the people, often located at the village level, who have stood the test of time and continue to operate efficiently despite the many odds they encounter and manage to pay substantial dividends and rebate to their members. Some of these outlets have also become self-service outlets. Their total share in the overall country's trade is still small (3 per cent in 1992).

19. In view of the rapid growth in the trade and distribution sector in the mid and late 1980s, the retail network in Mauritius has undergone phenomenal growth and changes. A high degree of competition at the retail level and the availability of an increasing range of goods and services, including the establishment of a large number of modern supermarkets and increasing availability of plastic money poses a big challenge to the cooperative retail outlets and their survival. The movement and the Ministry will need to undertake, on an urgent basis, an in-depth study of the ways and means of restructuring and reorganizing the cooperative retail network to face this new challenge.

20. From the beginning of the sixties, thrift and credit cooperative unions, covering workers in government and public offices and of industrial workers, came into being and are serving a very important role in building up the savings of their members and in meeting their urgent credit requirements. This sector forms a very important part of the movement today. During the five-year period ended in February 1995, the saving and credit unions have registered an increase in membership from 28,186 in 1988 to 34,268 in 1992. The amount of loans released to members increased to Rs 95,873,000 in 1992 from Rs 44,859,000 in 1988. Similarly, the turnover of these cooperatives registered an increase to Rs 127,573,000 in 1992 from Rs 70,763,000 in 1988.

21. This total membership of the credit unions forms a small percentage of total manpower employed in the organized sectors. Manufacturing, wholesale and retail trade, restaurants and

hotels, transport storage and communications, community and social services are some other sectors where additional jobs are likely to be created. These offer further prospects for the expansion of the credit union sector.

22. A new outlook to this saving and credit sector, with the active involvement and support of other agencies like the trade unions and associations of employers/cooperative movements and the Ministry, could lead to a rapid expansion and diversification into areas like housing cooperatives, modern retail outlets, etc.

23. The Ministry has taken the initiative to organize cooperatives for transport of sugar-cane and, more recently, agro-mechanical cooperatives have been organized for derocking of small planters fields and for harvesting and transport of sugar-cane. These cooperatives have built up fleets of tractors and other equipment with financial assistance obtained from the Mauritius Cooperative Central Bank and the Development Bank of Mauritius. As of 28 February 1992, there were 19 active agro-mechanical cooperatives with a turnover of Rs 10,336,000. A federation, at the national level, has also been set up by those cooperatives.

24. The sand-carriers involved in transport of sand, who were being exploited by middlemen, have been organized into cooperatives with a view to uplifting their own lot and supplying sand to consumers at fair prices. A total of 9 such workers' cooperatives with a membership of 156 had, for the year ended February 1992, a turnover of Rs.40,166,000. It may be added that groups of young artisans, handicraft and other workers, small entrepreneurs, etc. could be combined into cooperatives to improve their income-generation potentials through joint commercial efforts which individually will be impossible. This is an area which requires more attention from the Ministry of Cooperatives and the Mauritius Cooperative Union, in collaboration with other ministries.

25. A beginning has also been made in organizing housing cooperatives with a view to providing long-term credit at cheaper rates and assistance in the construction of houses and the provision of other facilities like the procurement of land, services, maintenance, etc. These primary cooperatives have set up a national level federation to strengthen membership. These housing cooperatives, numbering 8 and having a membership of 1903, advanced loans totalling 2,485,000 to their members during the year ending February 1992. The total amounts due from members stood at Rs 10,592,000. These societies have not been able to procure adequate long-term finances, at reasonable rates. The Federation has also not been able to make much headway.

26. With the better economic conditions and the improvement in income levels, housing cooperatives could play a significant role in the future development of this sector. The Ministry of Housing, Lands and Town and Country Planning is providing the infrastructural facilities to the prospective house-owners through the National Housing Development Company and the Mauritius Housing Company. Cooperatives could help both the low and middle income groups to acquire land, develop and construct houses including flats, and look after the subsequent

maintenance. The Ministry of Cooperatives and Handicrafts and the cooperative movement should take a fresh look at this sector, in collaboration with the technical ministry, and a long-term plan for the development of a strong cooperative housing sector for low and middle income groups should be developed and implemented. This will require special infrastructural capability being built in the Ministry and the office of the Registrar of Cooperative Societies. The cooperative credit unions could play an important role in helping their members to participate in the activity.

27. The progress in respect of turnover of the primary cooperative societies in different sectors, can be reviewed from the table below:

Table I: Turnover of the Primary Cooperatives during the period 1988-1992 (Rs 000)

Sector	1988	1989	1990	1991	1992
Agriculture and Support Service	808,723	672,150	770,496	904,398	994,600
Consumer	136,915	157,317	170,398	188,121	216,821
Saving and Credit Unions	70,763	81,986	83,757	106,950	127,573
Others	3,965	5,730	4,187	4,187	6,048

Federal Cooperative Structure

28. Various types of primary cooperatives at different times have organized separate federations at the national level. The Mauritius Cooperative Central Bank was set up in 1948, followed by the Mauritius Cooperative Agricultural Federation and the Credit Cooperative Societies whose membership comprises the sugar-cane planters. The Mauritius Cooperative Union was set up in 1952 as the national apex and spokesman of the movement. Subsequent years saw the formation of federations by cooperatives of food-crop growers, fisheries, pig breeders, tea-planters and cattle-owner. The last to be organized in 1988 in agricultural support services was the Mauritius Agro-mechanical Cooperative Federation.

29. National federations (nine) in this sector had their combined turnover increased from Rs 53 million to Rs 107 million during the period 1988 to 1992. However, the performance of most of the federations in this sector is far from satisfactory and many of these have accumulated huge losses over the period. These organizations have been able to survive so far because of the grants being given by the government and financial assistance received from outside agencies. A skeleton staff is maintained without adequate managerial and professional capability and without enough motivation and leadership.

30. The Mauritius Agricultural Marketing Cooperative Federation, representing the food-crop growers societies, has been involved in marketing of the members produce viz. potatoes, onions and ginger, etc. The major part of the produce is sold to the Agricultural Marketing Board at support prices. This Federation has made some progress over the years in its marketing activity but has still accumulated losses on account of poor management. The Federation maintains a small staff and receives subsidies from the Government.

31. The Mauritius Cooperative Agricultural Federation, which has 178 Cooperative Credit Societies of cane planters as its members, doubled its turnover during the period 1988-1992 from Rs 33 to Rs 66 million. In addition to receiving commissions on supplies of sugar-cane made by cooperative credit societies, the Federation, in the mid-seventies, embarked on the sale of fertilizers and insecticides to farmers through a network of outlets established for the purpose. In addition to opening its own retail outlets, the Federation has also taken the initiative to organize multipurpose cooperative societies in Providence region and contemplates setting up more in the near future. The Federation, which has been earning profits over the past years, has accumulated substantial reserves. However, the share base of the Federation is negligible on account of its bye-laws which do not make it obligatory for members to contribute any share capital.

Mauritius Cooperative Central Bank

32. The Mauritius Central Cooperative (MCC) Bank, which was set up in 1948, has been acting as the central financing agency of the cooperative movement. In addition to financing the primary and secondary cooperatives, it has been financing agriculturalists individually, industry, and manufacturers, hotels, housing-services and units set-up in the Export Promotion Zone. Along with the cooperative societies, the Bank has also enrolled individuals from trade and industry as associate members. Its original share capital of Rs. 19,600, collected essentially from member cooperative credit societies, rose to 2,980,444 in 1975/76, and to Rs. 29,351,200 in 1991/92. Saving deposits from cooperatives and others rose from Rs.13,399 in 1948 to Rs.46,581,390 in 1975/76. These and all other types of deposits rose to Rs.966,638,987 in 1991/92. The Bank has been earning profits and accumulating reserves.

33. The relationship between the Bank and the cooperative movement underwent considerable strain during the past few years, and there have been many instances where the Bank withdrew its support to numerous cooperative institutions. The Management Audit Bureau, in its 1993 Report on Reorganization of Cooperative Credit Sector, states, inter alia, that "since many years there has been widespread criticism against the Bank for having become a cooperative banking institution which does not support the cooperative sector adequately and which has gone to the extent of formulating policies to the detriment and regression of the whole cooperative movement." Some of the practices recently adopted by the Bank have been widely criticized by the movement.

34. The Bank, in view of its loaning to the private sector including the Export Promotion Zone, incurred a loss of Rs. 587,474 in 1990-91 and Rs. 71,223,679 in 1991-92. The Bank has since been reconstituted with fresh capital having been contributed by the State Investment Corporation (SIC), the State Insurance Corporation of Mauritius (SICOM), the Sugar Insurance Fund Board (SIFB) and the cooperative sector to the tune of Rs. 40 million.

35. The reconstituted MCC Bank, which is still the custodian of the deposits and savings of the cooperative sector, will continue to finance the movement. Various measures have been taken to safeguard the interest of the movement and to ensure proper functioning of the Bank in the future. Services of expatriate managers have been obtained from the Reserve Bank of India and more expatriate staff may also join to ensure its proper role in the future.

36. In view of the national commitment to the development of the cooperative movement and the various measures being taken by the Ministry of Cooperatives to further strengthen the cooperative infra-structure, it is highly desirable that, as early as possible and before the turn of the century, the Bank again becomes a fully-cooperatively owned Bank. In addition to the assistance which the Government of Mauritius may provide towards this objective, it will be desirable that the new management develops a built-in system whereby the cooperative sector, in the course of the next five years or even earlier, can provide enough share capital to replace the contribution made by SIC, SICOM and SIFB. Loaning programmes of the Bank to the cooperatives could be contingent upon a small percentage being retained as member societies' contribution towards share-capital. A similar procedure should be adopted by the primary cooperatives as regards the loans they provide to their members.

Mauritius Cooperative Unions (MCU)

37. Like every other country in the world where cooperative movements are in existence, cooperatives in Mauritius had, as far as 1952, set up the Mauritius Cooperative Union as the national apex and the spokesman of the movement at the national and international levels. This apex body has been responsible for the training and education of its members, for the provision of legal advice, and for offering a central forum for the discussion and decision on future development plans, policies and programmes of the movement.

38. The MCU, in addition to its earlier involvement in members' education and training, promotion and supervision, has been assisting, through a network of field staff, the departmental officers in completion of books of accounts and the audit of the primary and secondary cooperative societies. It collected from the societies annual audit fees as provided in the law and received grants from the Ministry for the conduct of its various activities. As a result of the amendment of the Cooperative Societies Act in 1992, the Ministry has made provision for deposit of the audit fees by the cooperatives in an Audit and Development Fund, since set up. With the creation of a Cooperative Resource Centre by the Ministry, the education and training

activities being undertaken by MCU were transferred to the Centre. The Union now retains a skeleton staff who are involved in undertaking the audit of some of the societies.

39. In its bid to achieve self-sufficiency, the Union set up a Travel Agency and a retail outlet in Quatre Bornes, and also taken up agency work for insurance cover for the consumer cooperative sector. Due to unknown reasons, the insurance company (privately owned) decided to withdraw the arrangements for covering the consumer cooperatives. The retail outlet also did not function economically and the union is contemplating using the premises for promotional sale of some branded products. The travel agency work which had picked up and increased considerably had to be ended because of financial mismanagement. The IATA's recognition had since been withdrawn and in the absence of Bank guarantee, suitable premises and trained staff, the same activity is unlikely to be restored. The Union's proposal for the setting up of a printing press and becoming a compiler of reports and books of accounts to the cooperative sector is still under consideration. A printing press project with a detailed viability study and proper planning and professional management could hopefully attract assistance and collaboration from international donor organizations.

40. The Mission observed a feeling of unease in the management and the staff of the Union, mostly on account of the withdrawal of some of the functions which it had been carrying out in the past and due to the financial setback it has suffered in its endeavours to become self-reliant. Continuous sustenance on the grants received from the Government has also affected its ability to act as an autonomous self-reliant spokesman of the movement and has blurred its vision as regards its ability to chart its future role.

41. The present state of affairs in the Union is not only unfortunate but harmful in the overall interest of the cooperative movement. The mission feels that the Union has a very positive and useful role to play in the future development of the movement, in membership education and training, in publicity and propaganda and to provide a forum for development of future policy and programmes of the cooperative movement. While continuing to provide grants to the Union, the Ministry should consider loaning the services of a young, dynamic, and devoted official, preferably from the Mauritius Civil Service. This will help to restore the Union to its apex position. The Ministry should also, as a short term measure, consider and enforce an arrangement whereby a contribution is made by all the member cooperatives at primary and secondary levels to the Union to supplement its resources. This will enable the Union to undertake membership education and training, publicity and propaganda, about the cooperative movement. This will also boost its capability to play an effective role in the development of the cooperative movement.

42. In many countries, assistance is often provided by the government by way of long-term loans for setting up suitable premises which the apex institution lets out to its constituents and also uses the premises for its annual meetings and conferences and other related activities. This helps the apex to become self-reliant. The Mission feels that such a measure could also be considered, after the Union is able to regain its position of confidence and strength. The Mission

also feels that other measures to bring in dynamic leadership including representation from all sectors of the movement, as recommended by the Management Audit Bureau, should also be considered. The Government should also focus on nominating women and youth leaders on the Management Committee.

Development of Cooperatives in Rodrigues

43. The island of Rodrigues covers more than 100 square kilometres, but has only about 20 per cent of its total land area fit for cultivation. The residual area is suitable for pastoralism and forestry. Apart from some 5,000 public employees, the rest of the work force is engaged in agricultural production, herding and fishing. This sector accounts for exports to the main island. Manufacturing and Tourism are still in their initial stages, but offer scope for further development. The Industrial and Vocational Training Board has set up a pre-vocational centre to meet the requirements of the Island for skilled and trained manpower. The public sector expenditure has increased from Rs. 185 million in 1987 to Rs.350 million in 1992.

44. The cooperative movement in the island is as old as in Mauritius. However, it is more important as it directly concerns one economically active person out of three. About 70 primary societies covering fishermen, farmers, planters and handicraft workers have been organized. Credit unions, housing and transport cooperatives are also in existence. About 40 societies are active.

45. Rodrigues' Agricultural Producers Credit and Marketing Society was registered in 1965 and, since then, it has helped the members to increase their production of onions, garlic, etc. It undertakes import and distribution of inputs and helps in the sale of the produce to the Agricultural Marketing Board which exports the product to the main island. The sale of these items has risen to Rs. 3,495,702 in 1991 as against Rs.808,469 in 1987. The total turnover of the society has increased from 990,856 in 1988 to Rs. 4,142,964 in 1991. The overall financial position of the society is however not very strong.

46. In the fishing sector, the organization of *Maison de Pêcheurs* and the *Unité de Valorisation des Produits de la Mer*, with financial aid given by the French Government, has helped the fishermen's cooperatives with the establishment of three centres specially set up. The turnover of the fishery cooperatives has increased from Rs. 2,776,776 in 89/90 to more than Rs. 6,000,000 in 91/92. These federations, however, are still incurring losses.

47. A Livestock Federation has been set up by the six primaries having membership of 800 and involved in pig and livestock breeding. The sale of the livestock is organized by primaries through salesmen. The Federation imports animal feed and veterinary products for sale to its members. The Federation has also received assistance from different donors. Its turnover has increased from Rs.1,761,480 in 89/90 to more than Rs. 4 million in 1991. However, it has not been able to achieve viability as yet.

48. The three credit unions, with membership of 758, collected a contribution of Rs. 7.2 million and advanced Rs. 7.5 million as loans during 1991. These unions have accumulated surplus of Rs. 430,886 in the same year. Considerable scope exists for extending the membership in view of the large work force employed in the public sector.

49. The Management Audit Bureau of the Ministry of Finance has recently reviewed the working of the cooperatives in the island and has made recommendations to improve the cooperative infrastructure. Nevertheless, in view of limitations imposed by geography, size of the movement, and the total work force, it will be desirable to have a small network of multi-purpose cooperatives organized into a single federation responsible for imports and distribution of agricultural and other inputs, and collection, grading, storage and export of the produce. It could also carry on educational and promotional activities. This multi-purpose federal body, through a team of qualified and competent professionals, could help in rapid and viable growth of the movement. Such a consolidation of the movement will insure that assets already built up and future financial assistance will combine to render the movement viable.

COOPERATIVE EDUCATION AND TRAINING

Earlier arrangements

50. The Mauritius Cooperative Union and the Ministry of Cooperatives have been involved in cooperative education and training. The University of Mauritius which was set up in 1968, made a start with a programme of studies for cooperative officials through its School of Administration. Diploma and certificate courses were offered to G.C.E. Ordinary Level School leavers or holders of Cambridge School Certificate. In addition to the officials and others nominated by the Ministry of Cooperatives, students from the open market were also admitted. The University also organized special programmes for the cooperative movement. Examinations were conducted by the University under the guidance of the Mauritius Examination Syndicate.

51. In 1985, the Ministry of Cooperatives set up a Cooperative Resource Centre which took over the task of imparting cooperative education and training from the University. The Centre obtained the services of an expert from an international organization for the period 1985 to 1991. Up till 1993, the Cooperative Resource Centre has been offering courses for cooperative officials, movement staff and cooperative leadership. The certificate courses included Cooperative Management and Administration, Book-keeping, Auditing, Computer Literacy and Cooperative Development and allied areas and specialities.

52. The Cooperative Resource Centre has been reorganized as the Training Information Education and Communication Unit. The same is headed by a Provincial Cooperative Officer and three junior officials and a technical assistant. No programmes were undertaken during 1994 and a programme of work for 1995 is under implementation. The Centre functions in part of the premises occupied by the Ministry.

53. It may be added that, in addition to the training programmes carried out by the Cooperative Resource Centre, the Mauritius Cooperative Union has also been carrying out education and training programmes for the leaders and employees of the primary cooperative societies through a network of field staff. These programmes, which were carried out in the evenings, have not had the desired results.

National Cooperative Institute

54. The programme of education and training carried out over the previous years has had limited impact and has not been able to achieve the desired results expected of and by the staff at primary and federal levels and also the cooperative officials. The need to institutionalize the training activity has been appreciated and a proposal to set up a Cooperative Training Institute has been included in the National Development Plan (1992-1994), which, *inter alia*, seeks "to service the various training and educational needs of local cooperatives with a view to developing a greater sense of professionalism in the cooperative way of doing business". The Plan further says: "Given the wide experience the country has in cooperative activity, the Cooperative Institute may also be called to service the training needs of cooperators of the member countries of the Indian Ocean Commission."

55. The Government, in recognition of the importance and usefulness of cooperative infrastructure for the agrarian reforms, had made its policy clear in 1983 about the movement's role. It had stated "The Cooperative Sector will be called upon to play a more constructive role in the realisation of national objectives of agricultural diversification, attainment of food self-sufficiency, small-scale industrial development and expansion of employment opportunities."

56. Considering the role that the Government expects the cooperative movement to play in the field of agricultural diversification, including mechanization, and the increased involvement of the cooperatives in other sectors, such as retail trade, artisans, industrial workers and housing cooperatives, etc., the need for continuous systematic training for upgrading the managerial and professional capabilities assumes great significance. The proposed National Cooperative Institute, organized on proper lines, could fulfil the need.

Location of the Institute

57. It is proposed to set up the Institute in Pointe aux Sables on a piece of land which belongs to the Mauritius Agricultural Marketing Cooperative Federation. It appears to be quite suitable on account of its proximity to Port Louis, to other training institutions, and also of the possibility of a future expansion of the Institute into a regional institute. Another suitable piece of land across the road, and belonging to the same organization, could be developed to house a residential unit including a wing for women resident trainees. It could also provide housing facilities for some visiting faculty members.

58. It will be desirable that a master plan for the Institute and other infrastructural facilities be developed. It should take into consideration the role of the Institute in the year 2000 and thereafter and also its becoming a regional institute for the Indian Ocean Commission member countries. When fully functional, the Institute should provide for two streams of courses to be run concurrently and must also have accommodation for faculty members comprising local staff and expatriate specialists. Provision should also be made for a "Coop Store" with modern fittings to provide workshop-cum-training facilities for consumer cooperative stores trainees. This could also meet the requirements of the staff and the student community. The construction of the Institute could be taken up in a phased manner. The first phase should be completed on priority basis so that the Institute can start delivering full and part-time courses. The proximity of the present site to Port Louis will be helpful as regards the contribution of specialists and senior staff from the ministries, parastatals and cooperative federal institutions. The Institute should provide facilities for seminars, workshops, conferences, etc. to be organized by the Institute and also by the cooperative movement.

Financial and Technical Assistance

59. It is understood that some financial provision has been made for the Institute by the Government for construction and other purposes. This is premised on the Institute taking over the role presently being played by the Cooperative Resource Centre. Taking into consideration the projection of training needs in the year 2000, with cooperative infrastructure extending to other sectors, partially or not covered at all at present, and the Institute taking over the regional role, larger commitment of funding will be essential.

60. To ensure early establishment and sound functioning of the Institute, it will be desirable that the Government of Mauritius take initiatives immediately to seek financial and technical assistance including assistance for residential facilities, technical and other equipment and also part of the running costs from a consortium of donors which may include UNDP, ILO, FAO, SIDA, Frederick Eibert Foundation, etc.

Management Structure for the National Cooperative Institute

61. A national policy including long-term perspectives and short-term plans for carrying out education and training programmes should be formulated for implementation through the proposed National Cooperative Institute by a broad-based advisory body which may be specially set up for the purpose and should be headed by the Minister for Cooperatives and Handicrafts. This body should be responsible for periodic review of the programmes and activities carried out by the Institute and also about the administration and management of the Institute.

62. The Advisory Council may set up an Executive Committee headed by the Permanent Secretary of the MCH to assist the management of the Institute in carrying out its day-to-day functions and administering the Institute. Representatives of ministries (such as Human Resources Development, Planning, Finance, Agriculture), parastatals (Mauritius Sugar Authority,

Mauritius Development Bank, University of Mauritius and Mauritius Examination Syndicate) and the cooperative movement (MCU, MCCB, MACF, MACOSOLE, MACMF, MCCF) and also other interested groups (Ministry of Housing, Industries) may be associated with the work of the Council. As far as the Executive Committee is concerned, it should be a smaller body with the Permanent Secretary in the MCH as chairman, and representatives from the ministries (Planning, Finance), parastatals (University, IVTB) and the cooperative movements (MCU, MCCB, MACF, MCCF). Both these bodies should have the Director of the Institute as Member Secretary.

63. As far as the day-to-day management of the Institute is concerned, it will be headed by a Director, who should be a senior civil servant with preferably business management/human resource development background.

64. The Institute itself should structurally comprise of the following:

- Planning, Research and Development Unit
- Teaching Faculty
- Production Unit
- Computer Unit
- Extension Unit
- Library
- Administration Unit.

65. **Planning Research and Development Unit** - A Planning Research and Development Unit will be built up under the direct charge of the Director. The Director, with the assistance of one of the tutors, and also with the active collaboration of the Institute's own and visiting faculty and participants, will provide inputs for the cell to function as a think-tank. Selection of areas of specialization by participants, types of field attachments, both in Mauritius and outside, special studies, research programmes, projections, and planning for the future will be the responsibility of this Cell in addition to other aspects of work which it may develop on its own.

66. The **Teaching Unit** should consist of two senior lecturers and two junior lecturers. One of the senior lecturers who will be a specialist in Cooperative Management and Administration, will also act as the Deputy Director. The other senior lecturer will be a specialist in Cooperative Education and Training. These will be assisted by two junior lecturers with specialization in Computerized Accounting and Cooperative Law and Audit.

67. The **Extension Unit** which will be responsible for the conduct of cooperative education and training programmes in the regions (regional wings) will be headed by a National Study Organizer (a senior Cooperative Officer with specialization in Education and Training) and assisted by a team of Regional Study Organizers (eight) for work in the regions, including one in Rodrigues. A lady Regional Study Organizer will assist the National Organizer and will be specifically responsible for training programmes in respect of youth and women. Both the

National Study Organizer and the lady Regional Study Organizer will be based at the Institute, and the others in the Regions.

68. The **Production Unit** will be responsible for the layout and printing of the study materials which will be produced by the Institute both for its own use and fore use by the regional centres. The Unit will be manned by a Production Technician and an Assistant Technician. The Unit will also be responsible for the up-keep of special equipment like projectors, audio-visual aids, etc., to be used by the staff.

69. **Computer Unit** will be responsible for the maintenance of the computers and other software that may be used for teaching purposes as well as for general purposes by the teaching faculty. The Unit will be headed by a Senior Technician assisted by a technician. Both of these will also be responsible for training in the use of computers.

70. **Library:** A library will be maintained for use by the teaching faculty as well as by the trainees. A qualified librarian with an assistant will be required to maintain this Unit, which will also be responsible for systematic compilation of teaching materials which will be produced by the faculty. The Library Unit will build up resources on different subjects to be used by the teaching faculty and by the students. It will collect materials from other organizations involved in similar training activities in other countries. It will also build up profiles on different cooperative organizations in Mauritius and outside, and other material like Annual Reports, Plans, etc. of different Ministries, parastatals and organizations in Mauritius associated with the cooperative movement.

71. **Model Retail Outlet Project:** A retail outlet, with provision for extension, is to be built up to provide practical training to the staff of the network of consumer cooperative stores in the areas of flexible fixtures and fittings, changing displays, etc. The outlet could also meet the requirements of the teaching staff and trainees during fixed hours. It will have a full-time technician working and the Unit will build up enough equipment, including cash-registers, special computer with suitable software for use in retail outlets.

72. The **Administration**, which will be directly under the charge of the Director, will be headed by an Administrative Officer and will have accounting, typing and maintenance staff under its control. In addition to a senior Secretary cum Administrative Assistant to be attached to the Director, secretarial staff will be provided to the lecturers.

73. Other support facilities such as canteen, vehicles for teaching staff and for transport of students for visits, etc. will have to be provided under supervision of competent staff who will be responsible to the Administrative Officer.

Training Needs and Training Schemes

74. **Member Education:** The training programmes of cooperative membership at grassroots levels assume considerable importance on account of the dire need to reorganize cooperatives in the agriculture and supportive sector to take up the modernization, diversification and the mechanization programmes. Membership in the consumer cooperative sector will have to be made aware of the entry of big retail outlets, posing a new dimension and a challenge to the sector. Opportunities available for expansion in other sectors such as credit, housing, industrial workers, entrepreneurs, handicraft workers cooperatives will have to be discussed through the forum of the membership as to what training activities are required for special target groups. To achieve all this, the Institute, through its Regional Extension Wings and the network of field staff, will develop special programmes, teaching aids and material. In addition to making full use of the Annual/Special General Meetings, study and discussion groups should be organized to prepare the membership at the grassroots level. Full use could be made of the Regional Centres and also the Community Cooperative Centres, Youth Centres, Women Welfare Centres, and work-place of the NGOs.

75. The Institute should provide training programmes at the regional and central level, for the Youth Leaders, chiefs of the Women Welfare Associations, NGOs, Trade Unions, etc. Special courses on a regular basis for the senior trade union leadership should also be built in at the Institute to convey the cooperative message and seek members' participation in on-going and future cooperative organizations to be developed.

76. Programmes for selected school teachers/staff in the Vocational Training Centres, Agricultural Extension Wings, etc., should also be developed. These could be organized on a regular basis, with the ultimate objective of the subject of cooperative development being included in the curricula in these sectors.

77. The Institute should also develop a series of programmes for broadcast on the Mauritius College of the Air. The use of the Mauritius Television and Radio should also be taken advantage off. The Institute, for this purpose, should develop stories of successful cooperatives in Mauritius and other parts of the world and may develop its own and obtain documentaries from elsewhere as available in some of the cooperative libraries. A dynamic approach to attract talent by award of special prizes, recognition, as well as development of attractive literature could help in improving the adverse impression presently prevalent about the cooperatives and also to bring forth their likely positive role in the next century.

Training of Leadership

78. **Primary:** Regular functionally-based training programmes for the management committee members and leaders of primary cooperatives should be organized in the community cooperative centres. At regional centres, day-long courses should be provided for mixed selected leadership from the primaries. The programmes should also be built up to involve cooperative leadership

from different segments of cooperatives at the Institute level. The Institute should also provide longer-term functional courses for selected leadership both for individual and mixed sectors. Such courses should include visit to successful cooperatives, case studies as well as group and panel discussions. Subject matter specialists from cooperatives and ministries and concerned parastatals, etc., should also be invited to participate in these programmes.

79. **Federal Structure at Secondary and Tertiary Levels:** A similar and more intensive training programme for specialists for a number of days/sessions at the level of the Institute, including group discussions, case studies, panel discussions should be built up for leadership of the federal organizations including the MCU and the MCC Bank. Joint programmes of one day and longer duration, panel discussions, seminars, etc. may be organized for chairmen, secretaries, managers and other senior staff of these federal cooperative organizations. The Institute should also organize periodic/annual conferences and seminars for the senior level leadership, management in collaboration with technical inputs from parastatals, ministries, etc., to look into specific issues of importance for the sectoral entities and the movement's overall development. Special training programmes for the development of comprehensive overall perspective, long- and short-term plans, techniques of monitoring progress both in absolute and general terms should be organized on a regular basis. Programmes to cover techniques of undertaking feasibility studies and its importance should be developed for the leadership, the managers and cooperative staff. Programmes in some areas will have to be developed on a modular basis with the active participation of the specialists. Priority areas should be determined on the basis of urgent problems faced by the sector/movement.

80. **Special Study Tours:** The Institute, in collaboration with the government, donor agencies, cooperative movements in other countries, should organize special study tours for selected young dynamic leaders/managers/officials to enable them to gain an insight into the successful development of the cooperative sectors in other countries of the region.

81. **Movement and Departmental Staff:** A number of specialized courses are being conducted by the Cooperative Resource Centre for the movement and department staff, which cover overall and sectoral development including specific problem areas like accounting, computerization, management and agricultural marketing, salesmanship, audit and cooperative law, etc... The training programmes need to be intensified to place in more stress on viability, professional, financial and managerial control, systematic compilation of data for periodic monitoring, etc.

82. These training programmes at the moment have some professional inputs from outside. With the development of a large number of professional organizations providing specialized services and also the build-up of successful professional management in the parastatal sector, more inputs should be harnessed into the sectoral and overall training programmes. The University of Mauritius which has built up a Faculty of Management and Law should also be increasingly associated in the training activity.

83. The Institute should, in a systematic and continuous manner, keep bringing forth for discussion in special programmes, case studies, seminars, panels groups, immediate and long-term problem areas being faced by the movement, with the active participation of resource persons from concerned ministries, parastatal, agencies, etc. The level of these forums, seminars, etc., should be systematically upgraded so that top-level leadership including ministers and chairmen of parastatals are involved in some forums resulting in influencing of national level policy. Extensive use of specialized agencies both in the private and public sectors should be increasingly resorted to.

84. **A Certificate Course in Cooperative Development: Administration and Management:** With a view to building up efficient, professional cadres of cooperative departmental staff, managers for manning the proposed multipurpose cooperatives, consumer retail outlets, etc. and also different trading activities in the secondary organizations, a long-term course in Cooperative Development, Administration and Management should be planned and developed for implementation by the Institute. The Course which should lead to the issue of a Certificate under the auspices of the University should be developed in consultation and collaboration with the University of Mauritius (Faculty of Social Studies, Management and Law), Mauritius Examinations Syndicate, representatives from the cooperative movement, Ministry of Cooperatives and Handicrafts, as well as other ministries and parastatals. It should, in addition to what has been included earlier for similar courses, provide for professional inputs, visits to selected cooperative and other organizations, attachment for specific indepth study to organizations/agencies both in Mauritius and outside if possible. The course should provide, at a later stage, intensive training in selected areas to different groups, such as movement and department staff, to meet their specific needs. The entry to the course should be for people with adequate educational and professional qualifications and some experience. Normally, the duration of such courses which are residential, is one year with a period of active attachment of six weeks plus another six week-holiday. The progress of the trainees will need to be evaluated in a systematic manner throughout the course as well as at the end of the year. Outside cooperative and other professionals, including the University staff, should be used to draw up of the examination to be conducted under the supervision of the Mauritius Examinations Syndicate.

85. This course could also be made available to member states of the Indian Ocean Commission member countries' nominees. The course which should undergo continuous modifications on the basis of experience gained, should become a requirement for careers in the Cooperative Department, and for employment in the cooperative sector. Those who qualify should become eligible for better scales and allowances in their organizations.

86. **Regional Cooperative Seminar:** The Ministry of Cooperatives and Handicrafts, Cooperative Resources Centre (Institute) should consider, in collaboration with UNDP if possible, the holding of a 3-4 day seminar for the Senior Cooperative Officials and Leaders to review the progress of the movements in the member countries of the Indian Ocean Commission

and to evolve a strategy for their future development and cooperation. Regional interventions of this type would help forge a consensus on the need for a Regional Institute to be created.

Training of Trainers

87. **Local Training:** Departmental staff at the community cooperative centres and regions and trainers within the movement (MCU), Cooperative Ministry and the Extension Wings will need special training and periodic upgrading to enable them to effectively deliver training through the extension wings. The Institute should undertake this activity and also produce appropriate manuals for the trainers as well as materials for use and distribution to the trainees. Material such as those prepared ILO/MATCOM project should be fully used.

88. **Training Abroad:** To widen the perspective and build on strategies for future development, cooperative experience built up in other developing and developed countries, including those with economies similar to Mauritius, should form an immense resource. It will also be desirable to have senior trainers visit other movements abroad. Part of the financing for this could be obtained from prospective donors for the Regional Institute. Countries like Singapore, Malaysia and Japan could be considered in addition to the experience that may be brought in by donor countries/agencies through their advisers who may form part of the future faculty of the Regional Institute.

89. **Linkages:** It has already been suggested that the proposed National Cooperative Institute should re-link the training activity with the University of Mauritius and the Mauritius Examination Syndicate. Active collaboration with the Industrial and Vocational Training Board and the proposed Mauritius Institute of Public Administration would also be desirable. The Institute must, in addition to creating an effective link with the Regional Offices of the International Cooperative Alliance for East and Central Africa, Moshi, establish an association with the Cooperative Training Institutes set up in Botswana, Zimbabwe and Zambia. It will also be desirable to establish active contacts with the Cooperative College in Kenya and training organizations in Singapore, Malaysia and Japan. An exchange of literature, teaching material and even teaching faculty will be desirable. Contacts should also be maintained with cooperative training institutes in Sweden, Wisconsin, USA, and also in Australia. Such international contacts by the Institute will be compatible with the economic growth which the country would achieve as well as with its stature and role in the Indian Ocean in the year 2000.

AGRICULTURAL COOPERATIVES AND PUBLIC POLICY

Agricultural Sector and Cooperatives

90. **Agriculture:** The National Development Plan 1992-1994 indicates, inter-alia, in respect of agriculture: "Emphasis will be placed on strengthening, modernizing and diversifying the agricultural sector in an integrated and sustainable manner, with due regard to food security and to socio-economic realities of the country. Productivity will be the key word in this strategy."

91. **Sugar:** "The objective of keeping average annual sugar production at 650,000 tonnes will be maintained. The aim is to increase yield per hectare through mechanization, irrigation and adoption of improved varieties and to release land for diversification. There is a significant yield gap between the large estates and smaller planters who contribute 62 per cent of sugar output and the 35,000 odd small planters who are responsible for the remaining 38 per cent. The average yield of the latter group is 25 per cent lower. This yield gap will be reduced by:

- grouping of small planters' lands into more viable units such as Land Area Management Units (LAMU) for land development and arrangement purposes;
- intensifying and integrating derocking, land improvement, irrigation and mechanization on small planters' lands, and
- ensuring adequate timely and regular supplies of inputs and services to the small planters."

92. **Tea:** The problems faced by the Mauritanian tea industry are mainly associated with the high cost of production. "... Measures to reduce costs of production and to increase profitability of tea plantations will include fiscal incentives to small holders for adopting mechanical harvesting and provisions of clean citrus plants free of charge for interlining with tea. To protect the community of small planters, the Guaranteed Price Scheme for Green Leaf will be continued."

93. **Other Crops:** "Diversification in the agricultural sector will be pursued with increased vigour and with due regard to comparative advantage." "Almost half of estate lands devoted to diversification is leased to tenant-farmers (metayer) who also lease land from small cane planters for growing food-crops, normally as inter-line crops. The contribution of such 'metayer' to diversification crops will be promoted."

94. **Livestock:** "Livestock development will be promoted as this sector helps in meeting part of the domestic consumption requirements of products of animal origin, apart from providing income and gainful employment opportunities."

95. The above paragraphs indicate the importance attached to agriculture by the Government and various measures proposed for increasing the productivity of the sector and also the incentives being provided to the small planters. More incentives are available under the Agricultural Development Certificate Scheme and schemes of different agencies, including Agricultural Extension Directorate, Mauritian Sugar Authority, Farmers' Service Centres, etc.

Cooperatives - Decreasing Share

96. The network of the Cooperative Credit Societies formed by the small sugar-cane planters has played a very important role. Cooperatives of small tea planters have also contributed significantly towards production of green leaf tea and partly in the processing of tea. Cooperatives with large numbers of small planters and "metayer" as members have played an important role in the production of vegetable crops such as potatoes, onions and garlic.

97. Cooperatives were also the first ones to organize a Pork Processing Unit which did well in the earlier years but has since been closed down. An initiative has also been taken by the Cooperatives to set up a Poultry Processing Unit. However, whereas a building has already been put up, further developments have come to a stand still due to financial constraints and competition from the private sector. A beginning was made long time back in organizing fishery cooperatives and cooperatives of cow-keepers. Agro-mechanical cooperatives have been organized more recently. A Few cooperatives covering miscellaneous crops such as rice, bee-keeping, etc. also exist.

98. The role of cooperatives in respect of some of these sectors can be assessed from Table II.

Table II: Mauritian Agricultural Production and Cooperatives Share

SUGAR CANE		Unit	1988	1989	1990	1991	1992
AREA HARVESTED	Hectares		76,919	76,785	76,302	75,966	
Estates	Hectares		38,855	39,374	39,057	39,235	
Other planters	Hectares		38,064	37,411	37,245	36,731	
Cooperative planters	Hectares		15,161	14,471	14,393	12,700	11,894
Cooperative planters	Numbers		25,448	24,663	25,247	22,600	21,208
CANE PRODUCTION	000 tonnes		5,517	5,436	5,548	5,621	
Estates	000 tonnes		3,291	3,180	3,356	3,511	
Other planters	000 tonnes		2,226	2,256	2,192	2,110	
Cooperative planters	000 tonnes		897	813	783	782	666
TEA							
Green Leaf production	Tonnes		36,163	29,239	29,868	30,863	
Cooperatives' production	Tonnes		31,117 (1987)				24,551
OTHER AGRICULTURAL PRODUCE							
Production vegetables	Unit		1988	1989	1990	1991	1992
Potatoes (Total)	Tonnes		12,770	19,690	17,820	16,445	
Cooperatives' production	Tonnes		9,805	10,585	11,470	10,790	
Mixed Vegetables	Tonnes			4,920	4,743	4,005	2,122
Cooperatives' mixed vegetables (Onions)	Tonnes			1,900	2,190	2,500	2,600
TOTAL FOOD CROPS	Tonnes		54,400	62,280	65,840	64,090	

Source: Ministry of Cooperatives and Handicrafts Annual Report - 1990-92,
Mauritius Agricultural Marketing Cooperative Federation - Report.

99. As far as sugar production is concerned, the number of small planters has declined by 1,331 over the period 1988-1991: the number of planters forming membership of cooperatives had gone down by 4,240 during the period 1988-1992. The cooperative sectors' share of sugar acreage had gone down from 19.7 to 16.7 per cent during the period 1988-1991. This share, as compared to the small planters' share, indicates a decline from 40.29 to 34.5 per cent. This is despite the fact that sugar-cane growers cooperatives are financially the strongest in the movement and form the bulk of its membership.

100. Performance by tea-planters' cooperatives has decreased with the overall decrease in the sector's production. The total green leaf production has come down to 30,869 tonnes in 1991 as compared to 36,163 in 1988. Cooperative tea planters' production of green leaf was 31,117 tonnes in 1987 which contrasts with 24,551 tonnes in 1992.

101. In respect of production of potatoes and onions, the performance of the cooperatives, whose membership comprises small-scale growers and "metayer", has been increasing albeit slowly over the years. However, these cooperatives have not diversified into other areas of production like horticulture, flowers, etc. Whereas the export of vegetables and flowers has picked up during recent years, cooperatives have yet to make an entry into this area.

102. In respect of artisanal fisheries, piggeries, poultry and milk production, the performance of the cooperatives has not kept pace with the increase in national production. On the contrary, the cooperatives which came into being in the early stages of the development of these sectors, have dwindled and face many problems. This is despite the facilities and the assistance being provided by the Government by way of subsidies, etc. The reasons for this slow progress are discussed below.

Constraints faced by Cooperatives

103. The Government policy over the earlier period and more so in recent years, has been to encourage the small-scale sugar-cane planters, vegetable growers, tea planters, fishermen, pig breeders, etc. to form cooperatives with a view to improving the economic lot of their members and also to help in increasing the national output of these commodities. The Government has been extending all types of facilities and financial assistance to the cooperatives, but the latter's performance has lagged behind. The ability of the cooperative sector to face the challenges and contribute effectively towards the agriculture sector's pressing demands in respect of diversification, modernization and mechanization remains limited.

104. During the last decade-and-a-half, with the creation by the Government of an environment conducive to sustained growth and socio-economic development, various other sectors in the Mauritian economy have made considerable progress; the cooperative sector has made only limited progress. The progress made in terms of turnover and membership is because of the built-in mechanism to provide an assured market at fixed prices (in respect of sugar-cane, potatoes, onions, tea, etc.) and also built-in system for recovery of credit payment of commission on supplies like sugar-cane, etc... The movement's own contribution in the development of a viable sector, by having used the safeguards and facilities referred to earlier as a base, has been very insignificant. The basic structural reasons for this limited development were pointed out by outside missions as early as 1975 (ICA mission) and again by the recent (1993) findings of the Management Audit Bureau of the Ministry of Finance. There are today 496 (as against 516 in 1987) primary cooperative societies, 10 secondary cooperatives excluding the MCC Bank and the Mauritius Cooperative Union in the Agricultural Sector. In this regard, it will be pertinent to repeat the earlier findings of the ICA Mission (1975).

105. "In many ways, the movement remains rooted in its pre-independence past. This is particularly evident in the structure of the movement which has been strongly influenced by the predominance of the cooperative credit societies and the growth of the other commodity based single purpose cooperatives. A more recent development of national federations concerned with specialist activities at the national level has tended to emphasize and consolidate this trend. It has also given rise to some confusion as to the areas of responsibility of various federations and the Unions".

106. The Management Audit Bureau, in its findings (1993), has stated, regarding the secondary and the primary level cooperatives:

107. "Proliferation of federations along single product lines lead to overlapping of activities and competition for sectoral advantages".

108. "There is a proliferation of small societies, even of the same type operating within a radius of one mile of a locality", and again.

109. "The primary societies cater for a single service and/or crop and therefore have limited transactions with members."

110. It is this proliferation of the societies and more so of the secondary federations which has inhibited the growth of this sector. Proliferation of the secondary federations, their limited turnover and inherent inability to build up professional management, continuous dependence on government subsidies and grants, has inhibited the sector's development. The other most inhibiting factor has been the resistance to organize a strong viable multipurpose cooperative network at the primary level and continued proliferation of the single commodity/purpose cooperatives. The resistance has come from the part-time secretaries of the cooperative credit societies because of their vested interests and their inability to conjecture their own growth along with that of the cooperatives after becoming a strong, viable multipurpose one.

111. There are other constraints which have also resulted in slow growth of the movement; these have been pointed out by earlier missions and again in depth by the Management Audit Bureau's Report. These should receive the attention of the movement and the Government on a priority basis.

Restructuring of Cooperatives

112. **Primary Cooperative Societies** A beginning has been made by the Mauritius Cooperative Agricultural federation to organize multi-purpose cooperative societies which are being located at Farmers' Service Centres. The Federation should be encouraged to continue with this programme.

113. Suggestions have also been made by the Management Audit Bureau to organize multi-purpose cooperatives around the proposed Community Cooperative Centres with full time managers to enable them to function like normal trading organizations providing various services including computerized book-keeping, etc. This and other suggestions made by the MAB to expedite the creation of the multi-purpose societies should be implemented on a priority basis. Care should, however, be taken to ensure that no new cooperative society is registered for this purpose and only one of the existing ones is organized to take up this multi-purpose role with other societies merging in due course. Care must be taken also to ensure that the changes brought in are real and not cosmetic so as to have maximal impact. (One of the newly organized multipurpose societies still has a part-time secretary who is a full-time employee elsewhere and operates the society offices during holidays only).

114. The Government should make it obligatory on the part of the societies which have part-time secretaries to appoint full-time staff and operate on a daily basis like a normal trading house. As suggested by MAB, the salary of the staff may be subsidized on a tapering basis so that the society can generate enough income through various supply and marketing activities which may be built in by the full-time staff. Selection and recruitment of this staff may be undertaken by a professional agency.

115. The Government and the movement should aim at a time-bound phased programme for the merger of the Cooperative Credit Societies (178), Agricultural Marketing (32), Mixed Farming (15) and Tea Credit Marketing Societies (20) at the first instance, and other societies later on.

116. The MSA/MCCB/Ministry of Cooperatives Scheme which has been set up to enable Credit Cooperative Societies to acquire computers and related equipment should be modified so that those societies which go multi-purpose should get the MSA grant irrespective of the tonnage they have consigned. They should also be entitled to assistance for training in computerization.

117. The MSA suggestion that all facilities available at the Farmers' Service Centres, should as a matter of priority, be put at the disposal of the Cooperative Credit Societies and the Mauritius Cooperative Agricultural federation, should be amended such that only those Cooperative Credit Societies which adopt a multi-purpose character should enjoy this facility. The assistance being received from the ILO/UNDP project for computerization of accounts should be also made available to the cooperatives in the agricultural sector, and in this regard the Government may approach this agency to extend the project. Assistance may also be obtained from the Mauritius Sugar Authority.

118. The Mauritius Cooperative Agricultural Federation, which has opened its own branches and also organized multi-purpose cooperative societies should be given financial assistance to establish a managerial cadre including accounting staff to man the multi-purpose cooperative societies. Normally, this assistance for each society should taper off in three years. Care should be taken that the staff selected for this scheme have the basic qualifications and experience. The Federation should even be encouraged to take up the management of the Multi-purpose Societies on a contract basis.

119. As an incentive, the leadership in the first five Cooperative Credit Societies who become multi-purpose, effect the changes in their bye-laws and amalgamate other single-purpose cooperatives in their area of operation, adapt computerized accounting and appoint full-time staff, should be sent on a study tour of multi-purpose cooperatives to Southern African countries such as Zambia, Zimbabwe and Botswana. The Government and the movement may also institute other awards for the leaders who help in completion of this process of a change to multi-purpose societies.

Restructuring of Federal Structure

120. As indicated earlier, one of the major constraints resulting in the slowing down of the growth of the cooperative agriculture sector and its limited performance over the years has been the weakness in the provision professional guidance and support which the federal structure owes to its members. It is true that the federal structure is created by the primaries, but once established this structure not only sustains the primaries but enables them become viable, strong and efficient economic institutions. The mission feels that a continuation of these single commodity/purpose federations, seeing these in isolation rather than in the whole context, and the tendency to find a patch-work solution, will not be conducive to the growth of the agricultural cooperative sector. The mission suggests the following course of action, in the reorganization of the federal structure in the agricultural and supportive services sector, on top-priority basis:

- (a) The Mauritius Cooperative Agricultural Federation, the Mauritius Agricultural Marketing Cooperative Federation and the newly set up Mauritius Agro-Mechanical Federation should be merged to become the Mauritius Agricultural Cooperative Supplies and Marketing Federation (MAFED) and the activities of these organizations combined.
- (b) The Mauritius Livestock Federation, the Mauritius Cooperative Pig Federation and the two Tea Federations should shift their offices into bigger premises which MAFED may acquire and continue functioning under the supervision and guidance of MAFED. Whereas the second set of federations would maintain a separate set of accounts and produce separate balance sheets, their staff should be merged, with the existing secretaries/managers acting as Departmental Heads. After a review of their financial health, their assets and liabilities, a decision should be taken by the management as to whether they should be phased out or be merged with MAFED without the latter taking over any of their liabilities. Subsidies provided by the Government to these individual organizations should be passed on to MAFED. In other words, MAFED should take over their management, and as far as the member societies are concerned, they should start receiving services from MAFED.
- (c) MAFED should be assisted by the MCH to obtain suitable premises, and recruit additional managerial, supervisory, accounting and field staff, as per requirements. The Government should provide managerial subsidy for the additional staff on a tapering basis (three years). MAFED may also be provided assistance for legal and administrative arrangements that it may make for the proposed merger.

- (d) As suggested earlier, MAFED should be assisted financially to build a cadre of trained managers and accountants to man its branches and new multi-purpose cooperative societies. The responsibility for recruitment of the management support staff which is provided by the Government, should be entrusted to a professional agency.
- (e) Under its new bye-laws, MAFED should provide for a strong share capital and for conversion of bonus/commission received from the sale of sugar and other products into the share capital by primaries and in case of the latter, by their members.
- (f) MAFED should be assisted to obtain the services of an adviser with wide experience in management of agricultural supplies and marketing and also an adviser in Business and Financial Management for a period of two to three years. The Ministry of Cooperatives and Handicrafts could obtain bilateral assistance for these two advisers and some specialists who may be needed to look into some of the non-functioning units which it may inherit.
- (g) MAFED should be assisted to put up its own premises on a piece of land which the Mauritius Cooperative Agricultural Federation owns in Port Louis and adjoining to the Ministry of Cooperatives and Handicrafts.
- (h) In the course of time, MAFED may need assistance to establish its branch offices, warehouses, cold stores, etc. MAFED could develop a Master-Plan for the year 2000 and obtain long-term assistance from agencies like the World Bank.

Government Policy

121. The Cooperative sector in Mauritius has played a very crucial role in strengthening the foundations on which the present economy of the country has been built. During the earlier decades, it has played a pioneering role with the full support of the Government. To enable the same (but reorganized) cooperative structure to rejuvenate itself to play again an important role in the country's fast-changing economy in the year 2000 and beyond, it will need continued recognition, support and assistance from the Government of Mauritius. It is to be expected that if the agricultural cooperatives are properly and professionally re-organized from the federal level downwards, the movement will prosper once again. With continued financial support for a few more years, cooperatives will be able to help in diversification, modernization and mechanization of the farming sector of small sugar-cane planters, metayer and small growers, and take off in other areas such as processing, cold storage, export of vegetables, etc.

122. The Government should also recognize that there is an urgent need for reorganization and consolidation in this sector and no new single commodity/purpose cooperative should be organized in this sector.

123. The Government should continue its policy of according cooperatives preferences and privileges so that this sector can achieve its rightful place along with the private and public sectors by the year 2000.

124. The Government should facilitate the reorganization and consolidation of the movement, strengthening of the Ministry of Cooperatives and Handicrafts, setting up of the proposed National Cooperative Institute and the latter's development into a Regional Institute to serve the cooperative movements in the other member countries of the Indian Ocean Commission, where agriculture still plays an important role.

D. MINISTRY OF COOPERATIVES AND HANDICRAFTS

125. The cooperative movement in Mauritius is fortunate that, since the mid 50s, it has been privileged to have a full-fledged Ministry to look after its development and building up its capabilities to play an effective role in the Mauritian economy. Whereas in the 60s the Cooperative portfolio was only one of several others, the 70s witnessed the Ministry being fully on its own. However, in the 80s there was a reversal to the situation ex-ante. This has enabled the cooperative movement to receive the nation's attention, adequate resource provision, and special privileges which have made it easier for the movement to play an important role in uplifting the economic lot of small sugarcane planters, vegetable and fruit growers, livestock breeders, etc. With the guidance and the stewardship which the Ministry could provide, the movement has been able to spread over to other economic sectors such as retail trade, fisheries, piggeries, etc. An effective network of savings and credit unions has come into being to help the small wage-earners in industrial and other undertakings to meet their credit requirements for emergencies and other essential needs. Similarly a beginning has also been made in entering into sectors such as housing cooperatives, organization of cooperatives for bus owners, entrepreneurs, handicraft producers, etc. With the achievements made in different sectors of the economy by Mauritius, and the stress on the development of the youth and the involvement of women in socio-economic spheres, the development of cooperatives should receive further impetus. The Ministry of Cooperatives has a very important role to play in promoting and organizing cooperatives in other sectors in coordination and collaboration with different technical Ministries. The Ministry needs all out support, strengthening of its cadres to play an ever-increasing role in extending cooperatives to other areas and making the cooperative sector an important component of the Mauritian economy.

126. Subject matter specialists at the senior level should be brought in to assist both the Ministry and the Registrar of cooperative societies. It is also important that the Audit is entrusted to a separate wing under the charge of a senior official of the level of the Registrar of Cooperative Societies.

127. In the long run, the offices of the Registrar of Cooperative Societies should function at a more central point like the location of the Directorate of Agricultural Research and Extension of the Ministry of Agriculture. This would facilitate the efficient functioning of the department, regional and community cooperative centres.

**List of Ministries, Parastatals, Cooperative
and other Organizations Visited**

Ministry of Cooperative and Handicrafts
Ministry of Economic Planing and Development
Ministry of Agriculture and Natural Resources
Ministry of Manpower Resources, Vocational and Technical Training
Ministry of Arts, Culture and Youth Development
Management Audit Bureau, Ministry of Finance
Mauritius Institute of Education
Mauritius Examinations Syndicate
University of Mauritius
Civil Service Training Centre
Mahatma Gandhi Institute
Industrial and Vocational Training Board
Mauritius Sugar Authority
Development Bank of Mauritius
Directorate of Agricultural Research & Extension
United Nations Development Programme
State Informatics Limited
Mauritius Cooperative Union
Mauritius Cooperative Central Bank
Mauritius Cooperative Agricultural Federation
Mauritius Agricultural Marketing Cooperative Federation
Mauritius Pig Marketing Cooperative Federation
Mauritius Cooperative Fishermen Federation
Mauritius Cooperatives Saving and Credit League
Long Mountain Multipurpose Cooperative Society
Belle Mare Water Users Cooperative Society
St. Martin Agricultural Marketing Cooperative Society
La Channière Agricultural Marketing Cooperative Society
Plaisance Agricultural Marketing Cooperative Society
Providence Multi-purpose Cooperatives Society
Solitude Farmers Service Center
Quatre Bornes - Consumer Cooperative Store