

**NATIONAL POLICY ENVIRONMENTS
SOME REFLECTIONS ON THE CO-OPERATIVE REFORM MODERNIZATION
PROGRAMME**

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1.0 Introduction

The Tanzanian Co-operative movement is undergoing major changes at the moment. Those changes are however, characterized by major external and internal efforts and initiatives. Some of the change. taking place in the Co-operative Movement are planned, some are reactive but some are natural to the existing environment.

Among the major external actors, innovating planned change in the co-operative movement, is the Department of Co-operative Development of the Ministry of Agriculture, Food Security and Cooperatives. The Co-operative Development Department/ in collaboration with other external players (MUCCoBS, COASCO, TEC and SCCULT)² is steering a process of planned change for the Co-operative Movement in Tanzania, officially known as the Co-operative Reform and Modernization Program (CRMP).

The Co-operative Movement on its own part, is internally changing too. But, the changes taking place in the co-operative Movement are however, of mixed character. In some case, the changes are sporadic and reactive to the major economic shocks caused by liberalization and competition. When they face the shocks of globalization, most co-operatives take some reactive strategies with varied components and speed. Some introduce changes through annual budgets, some have five-year strategic plans and some just take minor steps to address cost minimization exercise, sometimes known as denominator management type of changes.

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The underlying challenges of the current change process in the cooperative movement in general, is the difference and conflict between planned change on the part of external support and unplanned change inside the co-operative movement itself. The second challenge, is the conflict of the content of changes; while external support is the tools of re-engineering where some critical changes introduced and the main system of doing business co-operative movement is using a mixture of re-engineering and simple cost-cutting management tactics in their changing process.

2.0 The Concepts

The World Bank - based policies of liberalization and competition have given birth to countries and organizations embracing concepts to analyse and manage change. One of such concepts, is reforms. Reforms have been defined as a process of systems and laws to make them better" than before. Co-operative reforms therefore, have a content of changing policies, laws, structures of both the government, the co-operative movement, and their relationships to make them better for the members of the co-operatives than it was before. The main test of the CRMP is whether the changes in the policy and the Act and therefore the reforms themselves are creating space for the development member co-operatives. Autonomy has been defined as the right of a person or organization to govern itself. While the co-operative Policy and the Co-operative Reforms and Modernization is an implementation strategy of the Co-operative Policy, one question which comes in, is whether the Reform and Modernization as seen in the CRMP, will eventually produce autonomous co-operative organizations in Tanzania, where members feel, act and govern themselves. The autonomy of co-operatives, is invariably, a process by the members for the members. It therefore calls for a new generation of empowered members of co-operative societies to drive the autonomy process. Empowerment, is a process and environment that

allows co-operative members power and authority⁶ to make decisions to manage their organizations. Therefore, from the perspective of government policy, the central objective of the CRMP is a planned process of change which provides space and the right of co-operatives to govern themselves, with members having power and authority to make their own decisions.

Modernization, has been defined as a process of making use of new methods and styles of doing things. In the context of co-operative development, therefore, modernization is applicable at the levels of organizations, systems and at the level of the individual member. Systematically, the external and internal change process must be prepared to make choices of using new methods of development intervention. It means using new ways to change organizations and structures as well as changing attitudes of co-operative members. Modernization therefore, is a tooling process that provides the mechanisms for people and organizations, to make full use of available new techniques, methods and styles for **managing** the change process.

The first proposition of this presentation, IS the fact that given context of major changes in the global economy, both the external support system and the co-operative movement alike, need to undergo transformative processes of change, where both of them start a long Journey of strategic, structural and systemic overhaul of the existing organizational systems. By embarking on practiced transformation, the relations between them, will automatically take transformative character.

In this presentation, I am making some reflections on the cooperative Reform and Modernization Program. These comments and recommendations on the way forward, are my own contribution to the debate about what type and whose change should take place in the Tanzanian Co-operative Movement.

After the Introduction, the paper has five other sections, namely the concepts of reforms, modernization empowerment and autonomy in the context of co-operative development in Tanzania. Then, we redefine the basic co-operative problem, the policy environment,

the Co-operative Reform and Modernization Program, the CRMP in the SACCOs movement and finally the way forward.

3.0 The Central Co-operative Problem in Tanzania

In theory, co-operative development/ can be discussed from the perspectives of history, people and organizations. The history of the co-operative movement in Tanzania, is characterized by conflict of interests and accommodation. When co-operatives started in the agricultural marketing activity, the colonial government accommodated them as long as they remained economic agents only. They performed well.

After independence, co-operatives were redefined to be both economic and political. It took almost six years before conflict of interests manifested themselves between the government and the co-operative movement leadership. On the other hand, while the conflict of interest ensued, governance inside the co-operative movement continued to run down. When the government took the responsibility of both external and internal governance, membership became weak unconcerned and inactive.

In 1976, the government disbanded the co-operative movement, on account of loss of governance. But by doing so, it assumed the replacement of the co-operative activities through crop marketing boards. The market situation became highly distorted with a drastic decline of export crops. The distortion of the economy, motivated the government to accommodate the co-operative organization but with strict instruments of the control.

The strict control of the government on the co-operative movement has its own interpretation. On the part of the government, cooperative property and business, must be well protected so that it does not fall prey to unscrupulous individuals who may use the co-operative to exploit the lot of the members into continued poverty. As a result, the government is talking about member empowerment without giving the members the ability and authority to control themselves. The members do not

have power to practice control in their own co-operative economy. Authority here, is defined as the right to give orders and make others obey.

Member Empowerment is manifested where the members have the motivation to obey their own orders through group cohesion and democracy. The relationship between the government and the co-operative movement is different from techniques of neo-liberal **governmentality** where pure private firms, introduce work teams and partial workers participation while power and authority remain with a few shareholders. The government must be prepared to offer complete power and authority to the members, through policy, law and regulations first and the CRMP will provide room for change. If power and authority is not given to the members through the basic instruments of policy and law, the CRMP is partially demobilized.

But on the part of the co-operative movement, the interpretation of government control, is engine for continued suspicion that may be the government will one day take over or disband the co-operative movement. But on the other hand, there is a continued perception that co-operatives still belong to the government.

When the CRMP is being implemented, it started by the Registrar supervising elections and leadership processes. The reaction and perception of members is varied. Some say let us wait and see, Some, say No, we still want our former leaders. So, what is finally the central problem of co-operative development is "how best to free the co-operative movement by transferring power and authority to the members of co-operative societies.

In the year 2003, the President of the ICA Ivano Barberini, asked former Prime Minister Sumaye, on whether autonomy had been given to the co-operative movement. The Prime Minister answered, jokingly saying - **We have given them too much freedom to the extent that we want to take some of it away from them** Let

us look into the policy environment itself to see whether it gives confirmation to Prime Minister's statement or not.

4.0 The Policy Environment

The Co-operative Policy 2004 recognizes economic weaknesses of cooperatives such as low capital and status quo business activities. It recognizes the existence of weak structures, poor leadership, and derailed governance including low member participation, embezzlement and poor trading. The new policy argues with strong emphasis on repositioning co-operatives into new and competitive markets, addressing conflicting political interests, lack of co-operative management guidelines and lack of trustworthy leadership.

In its vision, the new policy makes an important projection for allowing the formation of sustainable member-driven co-operative and recognizes four basic features:

- The co-operative movement is member-based
- Free and competitive organizations
- Concerned with current and future membership
- Working for the community of members.

The objectives of the new policy are related to government action promoting, protecting, improving and educating the co-operative movement by the government and other external agents.

Nowhere In the policy one sees the centrality of the primary society as the engine of co-operative development. The government is charge of changing or transforming the co-operative movement, it not addressing its own transformation as an agent of external change. Nowhere IS the policy, do we see the responsibility plan the co-operative movement changing itself through its mechanisms and.

Apart from showing good intentions for the development of a member-driven co-operative movement, we see the lack of broad strategies for those changes to happen. More important of all, is the fact that there are no indications, in the policy document, showing how the government is going to hand over power and authority to the co-operative movement.

What we see is the approach of neo-liberal governmentality, where the engine for change in the co-operative movement is the government and not the co-operative movement itself. This puts more challenges on co-operative policy and the law, even before the touch on the strategic and implementation vehicle of the two documents - the CRMP.

5.0 The Co-operative Reform and Modernization Program and its Implications for the Development of SACCOS in Tanzania

The CRMP is a strategic program, for the implementation of the New Co-operative Policy and Co-operative Societies Act 2003. This approach is commendable since it is built on the intention that the policy of government must be implementable. But in the previous section, we have seen how the co-operative policy is projecting the importance of externally-driven change and organizational reengineering by the government on the co-operative movement. This means that, if the CRMP is the implementation mechanism for co-operative policy; it cannot go beyond the framework of neo-liberal governmentality. We now look at the general features of the CRMP in the framework of transformation conditions and our criteria of assessment of the CRMP is based on the following:

- i) Can the CRMP promote conditions for member empowerment in co-operative organizations?
- ii) Are the relations between co-operatives and the government, supporting gradual hand-over of power and authority from government to the co-operative movement

- iii) Is the CRMP promoting professional management and entrepreneurship for co-operative autonomy or co-operative dependency?
- iv) Is the CRMP a process of change by government?

The CRMP is a ten-year program covering the period 2005 — 2015. It carries the authority of the government. According to the Minister of Agriculture, Food and Co-operatives, in this year's budget, program activities have been allocated a budget of about 4bn. Tanzanian shillings. It is however, too early today to venture into any analysis of its impact, because if any, the program has just started with principal stakeholder meetings to start out a viable implementation strategy. What can be done here is to discuss some of its fundamental principles, its formulation process, main objectives, intervention methodology, its conceptual framework, implementation arrangements and its problem analysis framework.

5.1 Overall Perspectives of the CRMP

As a general strategy for implementation of the co-operative development policy, the CRMP document is a very important **guideline** for developing a series of sub-problem strategies. Each stakeholder institution, can make reference to its different sections based on specific themes and develop different strategies and activities for implementation. MUCCoBS as a stakeholder institution, has already developed sub-projects, based on its areas of mandate. Sub-projects have been submitted to the Ministry for possible funding. But two issues remain to be resolved; first is the fact that, the other players have not yet submitted their CRMP-based sub-projects so that a joint implementation strategy is worked out. The implementation of the CRMP on its own right will very much depend on how the main players will implement their CRMP activities, on the basis of sequential complementarity. Secondly is timeframe for funding availability. So far, no funding has been made available for program implementation, especially, in far as MUCCoBS sub-projects are concerned.

The CRMP is an important document for **negotiations**. It is the first of its kind that is trying to create a mechanism for policy implementation. For any support that comes to assist, the CRMP document will provide the material for negotiation and analysis for possible support in the different areas of intervention. Although the different areas of intervention are related to each other, they can also be treated as stand alone activities for individually selected support.

The CRMP, in itself however, has a number of critical shortcomings which should form basis for dialogue in reshaping the document as well as guide the process of change.

5.2 Conceptualization and Problem Analysis

The CRMP document has not made any attempt to define critical concepts used in the document. The critical concepts such as reforms, modernization and transformation, have not been defined and conceptualized in the context of the history of the co-operative movement and the content of the current status and structure of the co-operative movement in Tanzania. While the conceptualization of reforms and modernization would have provided a clear roadmap of the change process, lack of it, gives the freedom of interpretation by different implementing agents of the program.

Secondly, apart from a clear conceptual vacuum, the basic problem of co-operative development in Tanzania is not addressed at the centre of the CRMP. The CRMP should have defined the question of power and authority of co-operatives and at the centre of the strategy and there should be graduated step by step action and process of how the government was going to hand over power and authority to the co-operative movement.

In the policy and the CRMP, there is no signpost showing when and how the government is going to hand over power and authority to the co-operative movement during the course of implementing the reform and modernization program.

5.3 Research Perspective

The CRMP document and program, is based on the implementation of the Co-operative Policy and the issues outlined in the Hon. Kahama's Report. But the report needed to be backed by a major research component, that would have investigated into the details and dimensions of the issues raised in the Kahama report. For example, the issues of poor leadership and bad management have not been analysed as to why and how do they contribute to poor performance of cooperatives. But when they are taken for granted, there is a risk of dealing with symptoms rather than core problems in the CRMP. Before the formulation process of the CRMP, the Ministry of Co-operative and Marketing, had commissioned research into member-based interventions in sustaining co-operative organizations in Tanzania. This report had provided inputs into policy and strategy of co-operative development in Tanzania. Unfortunately, this report has not been made use of.

5.4 Reform and Modernization: Who Reforms and Modernizes and for Whom?

Like it is in the Co-operative Policy document, the Co-operative Reform and Modernization Programme is a government strategy to implement its policy, but more so, it is a guideline for the government to change and modernize the co-operative movement, out there. There is nowhere in the document where we see a strategy for transforming the Ministry into a member empowering with the ability of handing over authority and power to the co-operative movement. Apart from MUCCoBS which has restructured and transformed itself in the context of change, the other players have not yet transformed themselves to reposition themselves into a new context. What we see is supply driven government interventions, acting on the co-operative movement to reform it and modernize it. On the other hand, the co-operative movement itself has no program for its own transformation. In 2005, the government commissioned studies to restructure the Tanzania Federation of Co-operatives and SCCULT. But these were government efforts to act on the movement and the two organizations had no plan for restructuration.

The CRMP therefore, is an instrument of neo-liberal governmentality, where the government calls for major member-based changes in co-operative organizations, without major changes on itself to enable it participate in the change process.

6.0 The CRMP and the Savings and Credit Co-operative Movement

Modern management theory stipulates that the survival of organizations in future, will be guided by three options: cost cutting, organizational re-engineering and organizational transformation. Cost-cutting and re-engineering are status quo strategies although re-engineering is more comprehensive. Organizational transformation is complete overhaul of organizations, resulting to new structures, departments, professionals, expansion, and new management demand.

i) Research

A major situation analysis research needs to be undertaken based on the Kahama Report and types of reports in order to isolate symptoms from core problems of the co-operative movement. The study should also locate the areas where members have achieved successes, outside government intervention.

ii) Review of CRMP

After the major situation research has been carried out a major review workshop should be done with the participation of support institutions and a group of cooperative members. The review process, should be guided by the principles of member empowerment and how the government will hand over power and authority to the co-operative movement. One of the areas where the government should start handing over, is the promotion activity and issuance of maximum liability certificates. Let the government challenge the co-operative movement on them.

iii) Conceptualization

The main concepts of the document need to be defined in the context of the history of co-operative development and demand driven change. The centre:

concepts include reforms, modernization, transformation, re-engineering and change management.

iv) Intervention Strategies

After the analysis of the current situation is done, the major components of transformation should be discussed by all players including the co-operative movement itself. The components of transformation should involve the transformation of the government department, other support institutions and the cooperative movement itself.

v) Intervention for Financial Co-operatives

The transformation of SACCOs is systematic legalistic. First, the CRMP need to look at the financial co-operative movement as an integrated system from the lowest level of the community and the national level, considering savings and credit co-operatives, banking and co-operative insurance as one whole financial system in the country. Secondly, there is need for a new legal framework for financial co-operatives that will allow wide scope for the promotion of such co-operatives in the country.

7.0 Conclusion

In conclusion, I will answer the questions I posed at the beginning of section 5 above

- 7.1 Can the CRMP as it is at the moment, promote the condition: for member empowerment in the co-operative movement? The answer is **NO**. Because, the government is not changing itself, and the co-operative is not ready to transform itself, The CRMP therefore, is another strategy for managing its own intervention into the co-operative movement, expecting to change it.
- 7.2 Are the relations between co-operatives and the government, supporting gradual hand over of power and authority from the government to the co-operative

movement? The answer is **NO** because, the CRMP/ does not offer this program and process.

7.3 Is the CRMP promoting professional management and entrepreneurship for co-operative autonomy or dependency) The answer is YES and NO. It is yes because there are observable efforts in the document to address governance and qualified management and leadership. It is no because the autonomy discussed in the document, is partial, preparing the co-operative movement for continued dependency on the government.

7.4 Is the CRMP a process of change by the government? The answer is NO. The CRMP, is a new strategy for policy implementation. It is more concerned with how the government, can work to introduce changes in the co-operative movement. It is basically, an organizational re-engineering program.

**APPENDIX1: MEMBER DRIVEN AND ENVIRONMENT APPROACH TO
CRMP IMPLEMENTATION**

More work should be done on Member Empowerment as follows:

Activity input	Actors	Type of intervention	Output

