

Management of Transition from State Controlled Co-operatives Member Based Co-operatives in Tanzania

Lessons from the People's Participation Projects

By

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1. Introduction

As an assessment of persons who have voluntarily joined together with the aim of promoting the economic and social welfare of the members, a co-operative society has met varied interpretations by policy makers.

It is the interpretation of co-operatives to suit the convenience of the state which has gradually destroyed the basic values of co-operation of equality, voluntarism and mutual self-help,

The debate on the failure of co-operatives to serve their members has put the blame on one side to the general apathy² of the member's void of constructive engagement with their societies steaming from general ignorance to modern co-operation. But on the Other side there is general agreement that the biggest problem of co-operation in Tanzania has been a gradual take-over of such people-based institutions becoming departments of government and the party.

If co-operation is about member participation towards a common goal, then I share the view that the engagement of co-operatives to fulfill macro-economic objectives of the state and irregular intervention by party and government has made co-operatives a collection of individuals to mobilise resources for the centre at the expense of their members. Consequently, the government and the party have from time to time defined the role and structure of co-operatives on behalf of the members.

The current reform process however has three positive signs showing the way towards disengagement of co-operatives from state control. First is the government department taking a leading role in the reform process as apposed from the past. Second is the fact that co-operative autonomy has become a central agenda in the discussion about co-operative development. Third is the general acceptance by almost all concerned parties that if we have a more progressive legislation, there is needed to allow for a transitional period to prepare the ground for autonomy.

This process however, is limited by the silence of the party to take action in constitutional reform to allow for practical autonomy.

This paper is trying to make a contribution towards the behaviour of institutions in managing the transition period using experiences and lessons drawn from a participative project carried out by the College since 1980.

Under the People's Participation project, there are a number of lessons we can draw on how institutions can manage their middle grounds so that an environment for cooperative autonomy is created.

The paper will be discussed under four sections:

We first highlight some of the main features of government and party control of cooperatives in historical perspective.

Second, we introduce the concept of participation and the peoples' Participation Project in action. Third, we bridge the gap experience and its implications for the co-operative movement in transition. Finally, we shall sketch out recommendations guiding action-taking during the transition.

2.0 State Controlled Co-Operatives in Tanzania

The impediments to co-operative development in Tanzania have evolved historically. A number of surveys and articles has shown these historical antecedents of state control over co-operatives, here we highlight a few.

Though by 1937, the colonial government had given a monopsonistic position in crop purchasing to co-operatives, this was not done at the expense of basic ideals of co- operation. What the colonial government expected of co-operatives was mainly economic viability and business efficiency. But after independence government cooperatives relations started to change. The following are some of the basic features of government-controlled co-operatives.

2.1 Co-operative formation without felt need and common bond

Immediately after independence the government saw the development potential of cooperatives. This made the government take a leading role in expanding co-operative tradition. This move brought an upsurge of co-operatives from 857 to 1533 between 1961 and 1966 with increased volume of crops handled rising from 145,000 tons⁵.

The 1975 village Act made all villages' co-operatives and all villagers members of co-operatives. The village chairman became the chairman of the co-operative society also. The 1982 Co-operative Act showing the need to have government controlled cooperatives compelled all specialised groups in rural areas and specialized cooperatives become members of existing agricultural co-operatives with all 18 years old people deemed to be members of co-operative societies.

Finally in the 1985 party directive on producer co-operatives, all CCM members were deemed members of co-operatives without showing any commitment by share contribution. All these are features showing how the government and party were interested in quantitative growth of co-operatives without felt need and common bond. Government directed co-operatives will usually show growth in number but not in quality of membership and commitment.

By the fact that co-operatives were disbanded in 1976, the government still want ahead to enact the 1979 Jumuiya ya Washirika Act dissolving the previously member based Co-operative Union of Tanzania⁶. Though the 1979 Jumuiya ya Washirika Act was repealed by the 1982 Act, Washirika continued to exist as a mass party organisation guiding co-operatives under the umbrella of the party.

This means that co-operatives or no co-operatives at the grassroots, co-operatives have become more political instruments of control than economic institutions to serve the members. When all CCM members became members of co-operatives without commitment, meetings became political for a for general elections in party and cooperative movement leadership.

2.3 Co-operatives as parastatal organisations

As early as 1961 the then political party in Tanganyika, TANU made co-operative the economic wing of the party. This meant that immediately after independence, TANU government gave co-operatives macro-economic tasks such as distribution of input in areas where there were no co-operatives yet?

After a survey on problems of co-operatives in 1966, instead of dealing with the identified problems of political intervention and mismanagement union by union, the government formed the Unified Co-operative Service Commission to deploy high level manpower in co-operatives.

As co-operative problems continued and as they continued to struggle to be member-based co-operatives on one side and the government wanting to make them parastatal organization, the government declared in 1970 that regional boundaries should at the same time become the boundaries of areas of operation of unions.

The 1976 dissolution of co-operatives by government declaration clearly show how the power to form and dissolve co-operatives is in the hands of government as it does to parastatal organizations.

The formation of Unified Service Commission hijacked the powers of co-operatives to employ but also removed the co-operatives from their local community perception. Manpower deployment and regulation became a global issue than members' issue.

The directive to form regional unions only divorced co-operatives from the members and from resolving member problems to dealing with regional problems some of which would be macro-systemic in nature.

All these go to show how the management of relations between co-operatives and the state has always been a government-parastatal relation where co-operatives have no powers to transform themselves but according to desired objectives of the government and party.

2.4 Lack of Education

One of the cardinal principles of co-operation is co-operative education to members and the public in general.

The quantitative growth of co-operatives after independence was clearly achieved without co-operative pre-member education.

The 1966 commission of enquiry into problems of co-operatives identified union formed membership as one of the critical problems affecting co-operatives.

Lack of education has manifested itself in three areas:

First, when ordinary members lack co-operative education, their response to cooperative problems will be reflected by apathy and go-slow rather than constructive engagement to deal with issues affecting their co-operatives.

Second, general lack of education to co-operative leaders has made them use their leadership position to shape their economic destiny rather than that of the cooperative organization.

Third, is the failure of co-operatives as such to cultivate effective contacts⁹ by involving government officials in co-operative education and awareness.

Weakness in general co-operative education to members and the public has not been taken as a central agenda by government. As a result, the knowledge base of members is poor giving more argument for control by government.

The above, are some of the features of controlled co-operatives where people-based institutions have become political instruments of member control, parastatal organizations built without felt need and common bond.

While we recognise current government effort in addressing the need for transition in which co-operators will see themselves through a transformation process towards control of their co-operatives, there are three issues which we need to address to:

- To what extent will party and government be prepared to continue with disengagement process?
- How do we win back the confidence of the ordinary members on the co-operative idea?

- How will autonomy of the co-operative movement continue to sustained without any fear of government or party intervention?

These issues will be analysed when we look at the experience of the peoples Participation project below:

3.0 The Peoples' Participation Project

3.1 Background

The Peoples' Participation Project has been implemented by the Co-operative College in collaboration with the Food and Agricultural Organization of the United Nations, the Tanzanian government and the Dutch government as donor of funds. The project started in 1980 by adopting three villages in three districts in Kilimanjaro region. Active project work has however started only two years ago but the results in terms of member participation are encouraging compared to sixty years of co-operative history. The central theme of the project is peoples' PARTICIPATION in all matters concerning their development.

3.2 Concept and Methodology

The Peoples' Participation project has its background in the major failures of cooperatives in third world countries. It is built on the fact that in order to attain economic development for small farmers and artisans, they must be involved fully in the identification, planning and implementation of their own project.

One basic belief of the participative approach is the internalization of the project amongst the individual member's right from the initial stages of a project. The Active involvement of the members/peasants through the whole process of knowledge of their problems, identification of projects their planning and the implementation of projects. This process avoids projects becoming owned by experts but also the target group is full involved and internalises the project through learning by action.

Peoples Participation approach believes on team approach for individuals as well as institutions. Individuals will form groups based on felt need and on an identified income generating activity. Institutionally the working groups will work with government agencies for support, Non-governmental organizations as well as an external support agency.

3.3 Components of PPP Methodology

3.3.1 Project identification

Projects are identified by groups where local commitment is mobilized without any force. External agents will usually give advise after the groups have identified income generating activities.

The process is targeted to the poorest of the poor but group formation takes place after identification of suitable indicators of common bond.

Project identification also takes the members of a group through the analysis of existing government policies and legislation by investigating into constraints and positive areas in order to develop a realistic project.

3.3.2 Planning

Target groups/l. G. G. must be involved in planning of their own projects so that the objectives set are theirs.

The projects they identify must be their own priority and they must be technically, socially and finally feasible.

During the planning stage groups are guided to identify tangible benefits which they expect **to gain in a reasonably short period.**

3.3.3 Implementation

During project implementation, the following should be observed.

- Continued voluntary participation
- Allow flexibility so that implementation of projects is done to promote self-reliance by groups.
- Necessary training is required and self-evaluation skills including sharing of experience.

3.3.4 The Group promoter

In order to promote self-help groups and group action for development, groups need motivation and guidance in the early stages. The Peoples' Participation projects dwell on the employment of a group promoter G. P. who will act as a catalyst to reach group members

individually. The GP will initiate and assist villagers in farming groups: - Assist small groups in planning their income generating activities through participatory action research

- Motivate groups for self-actions and stimulate self-determination
- Arrange and participate in the training of groups members
- Act as an intermediary between groups and supporting agencies (banks, Colleges etc).

The Group Promoter is accountable to the group member. The Group Promoter is more than just an extension officer because he is an animator, organiser of income generating activities and is equipped with managerial skills. He must be prepared to:

- Live and work with the people
- Look after their interests all the time.

PPP methodology is not a community development approach but it is targeted to the poorest of poor, using poverty indicators such as ownership of land, productive assets, income and general education level.

3.4 Basic Principles and Philosophy of PPP

The cornerstones of PPP philosophy are self-reliance, education and democratic practice for effective involvement of people in their own development efforts.

Following are some of operational principles of the peoples' Participation Project:

- i) Working with small groups of people based on common bond and identified felt need
- ii) All groups would be established on a group identified income generating project.
- iii) Active participation in the identification, planning and implementation of economic projects. This empowers the individuals to manage their own destiny.
- iv) Assistance to groups whether local or foreign is not freely available. It is given in the form of hire-purchase loans and groups have to repay it.
- v) Training is necessary for the required skills in project management and effective participation.
- vi) The groups will on their own, identify the kind of support they require from the government and non-government agencies.
- vii) The group promoter will provide the group identified linkages with delivery institutions such as banks and government ministries.
- viii) Groups must seek solutions to their own problems to promote self-reliance.

- ix) For project monitoring purposes, groups use simple indicators of objective attainment. These indicators must be understood by all group members.
- x) Groups formulate their own constitutions to guide management of their own activities democratically.
- xi) The members (GP) should be both male and female.

3.5 PPP in Action

The effective implementation of PPP started two years ago operating in Sisa-Maró Village - Moshi rural district, Shirimgungani-Hai district and Kiti cha Mungu in Mwangá district.

For the past two years, the project has seen the growth of 45 participative groups in all three villages. The groups are however at different stages of development.

By April 1991, 12 groups had reached a high stage of development where the Cooperative and Rural Development Bank (CRDB) had already disbursed a total of Tshs. 2.7 million] of credit for financing income generating activities.

With borrowing against normal commercial bank rates of 26% and 31%, the loan repayment rate was moving towards 70% of total credit by June 1991.

The PPP project has also started promotion of group savings as well as individual savings. By April 1991 group savings for 41 groups totalled 600,000 TZS. With some arrears of loan repayment of the repayment figures are far above average for rural Tanzania with a zero-default rate.

In a recent survey done by the author, all groups accept that the project has facilitated the following:

- i) Opening up of communication channels with delivery institutions — banks, government departments and NGOS.
- ii) A scientific and appropriate animal and crop husbandry techniques are now put into use with increased access to such services.
- iii) Group action and group coercion has been induced. This has been possible due to working together for a common goal.
- iv) All groups have their own constitutions which guide their business daily.
- v) All groups feel that partial targeting used by the project is better than the methods used to introduce co-operatives by government where membership was global without common purpose.

- vi) Other villages near the action areas have come up asking for introduction of PPP approaches and making their use.
- vii) Group members in the action areas are now used to credit as individuals and repayment has become very acceptable.

These positive aspects do not mean that PPP implementation is all that smooth. There are problems in management of groups due to inter-personal relations, difficulties in monitoring village government leadership due to the fact that PPP has empowered groups and individuals bringing some breakdown of centralized power structure. Our argument here is that co-operatives can learn from both positive and challenging aspects of the Peoples' Participation project experimental as it may be.

4.0 PPP Experience: Implications for the Co-operative Movement in Transition

Clearly, the PPP methodology and experience indicates a real departure from the general handling of co-operative affairs in Tanzania.

4.1 Philosophy and Methodology

- PPP believes that participation by members is the core to success of any cooperative endeavour. We have seen how co-operative have lacked participation by the members.
- PPP works through smaller groups but developing economically viable income generating activities. Co-operatives have always been working with large numbers of groups of people where it has been difficult to articulate felt needs and common bond.

4.2 Assistance

Government has induced co-operatives to believe that they are charity organization and can be nursed by free government funds. For PPP projects, self-reliance is a fundamental principle and discussed with group members right from project identification.

4.3 Promotion

With all government investment in promotion, the promotional infrastructure for cooperatives has been very weak. Posing as government inspectors, department officials have not played the required promotional role. PPP uses Group Promoters who are playing a supportive role to groups rather than punitive inspection.

4.4 Autonomy and Self-reliance

Our experience shows that PPP groups work as autonomous groups as they are organised through grassroot efforts and initiative. Co-operatives have been bureaucratically organized on a top-bottom basis. Three years PPP working has indicated greater success than 65 years of co-operative undertaking in term of financial control, self determination of members and increasing capacities to earn more income.

5.0 Recommendations for The Transition

5.1 Member Participation

There is need for more investment into education programme for the members. If government is really supportive of co-operative development member education during the transition is very necessary so that members are prepared for effective participation

5.2 Pilot Approach to Co-operative Development

Government promotional funds are limited. Development of effective participation members their own co-operatives. the department will move by selected primary societies Where co-operative member participation would be carried out intensively. This will help develop co-operatives where other co-operatives will learn from.

5.3 Learning by doing and self-reliance

Members must be encouraged to seek solutions to co-operative problems. But during the course of doing this, the government should wait and see rather than taking measures which may be detrimental to effective member participation.

5.4 Government Relations programmes

Co-operatives should be prepared to develop programmes to make sure those members of parliament and critical government officials are informed about co-operatives so that favourable legislation is timely than taking a defensive role. PPP approaches involve all NGO's and government agents in education programmes so that the later can defend the cause of the groups. This will make government understand cooperatives and their expected behaviour towards viable co-operative development

5.4 Constitutions and by-laws

For granting the autonomy required for co-operatives, each society should formulate its own by-laws to guide their business. These by-laws can be used to indicate and test the basic ideals of co-operation.

5.5 Machinery for permanent review of Legislation

Law is a dynamic instrument. If we want the Act to become environmentally supportive of co-operative legislation which always consolidates member participation in their co-operatives

5.7 Evaluation

Evaluation of co-operative performance and indeed of individual members should be known and easily understood by ordinary members. Book-keeping and other records should be easy to understand by the general membership so that they can ask questions and create the required knowledge and management capacity to control their own co-operatives.

6.0 Conclusion

Government controlled co-operatives lack member participation. The emergence of Non-governmental associations is a result of lack of co-operative member participation. Government should concentrate on promotion by education and persuasion if we want to move towards independent and self-reliant co-operative Movement.

On the other hand, co-operatives should be established on the basis of member participation and economic viability. They should strive to educate government on the nature of Co-operative business and co-operative organization.

