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RESILIENCE AND SUSTAINABILITY OF TOBACCO CO-OPERATIVES IN SOUTHERN AFRICA: AN EYE INTO CONTRACT FARMING IN TANZANIA, ZIMBABWE AND MALAWI

Mikidadi Muhanga³⁷ and Mangasini Katundu³⁸

Abstract

Farmers in Africa, in their quest to walk away from poverty, have been observed to work jointly through agricultural and marketing co-operatives societies (AMCOS). Despite these efforts, the situation on the ground is not that rosy. Innumerable factors have been reported to haunt, weaken and fail co-operative movements in Africa, tobacco co-operatives inclusive. The states have of recently been less involving themselves if not disengaging from providing inputs, credit, extension services, and price supports for several reasons. This seems to have left a room to fill, where private firms have been considered to have the potential to take up similar roles, and in a more efficient manner. In such mishaps, be it climate-related, economic or political, and social, understanding the way (how) people and institutions could become much more resilient becomes vital towards the promotion of well-being. Resilience building supports people and institutions in dealing with changes and adapting to some new circumstances hence achieving sustainability. Contract farming (CF) is an approach that has the potential whereby the private sector has been expected to create win-win arrangements with smallholder farmers. Tobacco farmers have been observed to be involved in CF arrangement through AMCOS which is expected to lead to resilience and sustainability. While it has been anticipated that contract farming carries the potential which can substitute the state in the wake of the agrarian sector reforms, very little empirical evidence exists on how resilient and sustainable the Tobacco Co-operatives in Southern Africa are in the face of CF. It is against this background that this article analyses the resilience and sustainability of Tobacco Co-operatives in the tobacco sub-sector in Tanzania, Malawi, and Zimbabwe using A documentary research method (documentary analysis). In this article, resilience has been analysed based on networks, innovation, and the role of the state.

I. Introduction

The International Co-operative Alliance (ICA) (2005) as cited by Mhembwe and Dube, (2017: 2-3) defines a co-operative “as an autonomous association of persons united voluntarily to meet their common economic, social, cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”. Innumerable factors have been accounting for an individual’s choice to cooperate (White and Runge, 1994; Maghimbi, 2010; ICA, 1996). It is reported by Develtere, *et al*, (2008), that nearly 7% of the population in Africa has a connection to primary co-operatives. Most countries are reported to have hundreds of new co-operatives being registered almost yearly (ILO, 2017; Pollet, 2009). This increase is to a greater extent attributed to the growth of Savings and Credit Co-operatives (SACCOs), which have been observed to occupy a significant proportion of the co-operative movement in the meantime compared to how the case was in previous years (ICA, 2020; Pollet, 2009; Borda-Rodriguez and Vicari, 2014). Globally, intensified need to form co-operatives is linked to, *inter alia*, the need for joint poverty reduction initiatives and socio-economic development (Banturaki, 2000; Birchall and Simmons, 2009; Castillo and Castillo, 2017). Co-operatives have the potentiality of solving the general economic problems of both over or under production, also those related to uncertainty in business, and excessive costs. It is through co-operatives that market failures can be addressed and gaps that have sometimes been ignored by other private businesses filled (Nembhard, 2014).

Despite having numerous types of co-operatives documented in the literature (Maghimbi, 2006; Birchall and Simmons, 2010; Pollet, 2009), early co-operative movements in Africa have been associated with peasants whose

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purpose as simply to enable native peasants to get hold of a considerable part of the profit from trade in crops (Gibbon, 2001; Maghimbi, 2010; MMA, 2006; Makiyoni, 2019; Rwekaza and Muhihi, 2016; Francesconi and Ruben, 2008). Since time immemorial, farmers in various countries have opted to form co-operatives (Maghimbi, 2006; Francesconi and Wouterse, 2017; Borda-Rodriguez and Vicari, 2014). These farmers found co-operatives as an avenue for planning and implementing sustainable subprojects for communities in the rural areas, farmer groups inclusive. It is anticipated that in this context productivity will increase, incomes too, and also assets. This is significantly expected to add to poverty eradication efforts (Develtere, Pollet and Wanyama, 2008).

Tobacco farming is reported to register an increase in terms of both tobacco leaf cultivation and production (WHO, 2003; Drope, 2018; WHO, 2021). This has been observed despite the global initiatives to control production due to its reported harmful aspects. These initiatives have been going hand in hand with contriving alternatives to tobacco workers, farmers, and sellers under the implementation of the WHO Framework Convention on Tobacco Control (WHO FCTC), (WHO, 2021). In Africa, particularly sub-Saharan Africa is the region where tobacco farming is reported to boom (Paul, 2021; WHO, 2021; Hu and Lee, 2015; Appau and Drope, 2019). The increase in tobacco leaf cultivation and production is associated with the forming of tobacco co-operatives in Southern Africa, an area which is reported to hold a significant share of tobacco leaf production. Tanzania, Malawi and Zimbabwe are amongst the countries reported at the forefront in terms of tobacco production. Though the literature paints a very beautiful picture on cultivation and production of tobacco (Leppan, *et al.*, 2014; Makoka *et al.*, 2017; Magati, *et al.*, 2019; Gilmore, *et al.*, 2015), the story on the ground has never been that rosy. The subsector is reported to have been constantly attacked by the global campaigns against tobacco uses. The co-operatives themselves seem to lack leadership skills. Some governments have recently even decided to less involve themselves if not disengaging from providing inputs, credit, extension services, and price supports. This seems to have left the room to fill, where private firms have been considered to have the potential to take up similar roles, and in a more efficient manner (MMA, 2006). Contract farming (CF) is an approach that has the potential to generate a win-win arrangement involving the private sector and smallholder farmers. Tobacco farmers have been observed to involve themselves in CF arrangement through their AMCOS with an expectation that this will result in resilience and sustainability. Much as those in favour of contract farming believe that CF has the potentiality to substitute the state in the wake of the agrarian sector reforms. Very little empirical evidence exists on how resilient and sustainable the Tobacco Co-operatives in Southern Africa are in the face of CF.

Resilience building provides people and institutions with support when dealing with changes and adapting to some new circumstances hence achieving sustainability (Vicari and Borda-Rodriguez, 2014). Innumerable factors have been identified that impact co-operative resilience, the most important according to Vicari and Borda-Rodriguez, (2014:2) are: - "(i) membership, (ii) collective skills, (iii) networks, (iv) innovation, and, (v) role of the state". Co-operatives that are capable of dealing with shocks and limitations normally have been exhibiting these factors more frequently. To comprehend the degree to which co-operatives have coped and addressed their challenges and limitations this study focused on networking, innovation, and the role of the state. This article analyses the resilience and sustainability of Tobacco Co-operatives in Tanzania, Malawi and Zimbabwe, as little is empirically known and documented on how resilient and sustainable these co-operatives have been towards the promotion of well-being amongst members.

2. Methodology

This review employed a documentary analysis (documentary research method) to collect information relevant for this article. The documentary method connotes a desk review that allows researchers to categorise, examine, and interpret written publications. It examines documents containing information relevant to the subject under investigation (Muhanga and Malungo, 2019; Mshingo, and Muhanga, 2021). In conducting a systematic literature review, aspects of the protocols by Cochrane Methods and the criteria articulated by PRISMA were employed. The articles that met those criteria were selected and underwent quality assessment and data extraction. The search identified 1497 publications, abstract screening was done from 1091 qualified publications, and 440 full-texts were screened for eligibility. Only 85 articles reflected the theme of this review. The search strategy for this study employed keywords such as "tobacco co-operatives, co-operatives in Africa, co-operative sub-sectors in Tanzania, Malawi and Zimbabwe, Tobacco Co-ops in Africa, contract farming, and resilience and sustainability".

3. Co-operatives in Africa: An Overview

Recently, co-operatives have been viewed with the potentiality towards fostering socio-economic development to walk communities away from poverty (Birchall, 2003; 2004; Bibby and Shaw, 2005; UN, 2011; FAO, 2012; Münkner, 2012; Vicari and De Muro, 2012). It is in this context that national and international organisations have

developed considerable interest in comprehending the renaissance exhibited by co-operatives in the least developed part of the world, Africa in particular. This is a region where co-operatives have been reported to have undergone periods of mismanagement, interference by governments and some signs of failure (Develtere *et al.*, 2008). Co-operatives are reported to stand as strategic players towards inclusive and sustainable development in countries in Africa (Hoyt, 1989; Develtere, *et al.*, 2008). For co-operatives to contribute effectively towards poverty reduction, there is a need for co-operatives to develop as businesses that are sustainable and capable of surviving in challenging environments, which are sometimes faced by economic, political, social, and climate crises. Borda-Rodriguez and Vicari, (2014:1) argue that “heavy government interference, lack of leadership and low levels of skills are some of the factors that have for decades weakened and, in some cases, caused the failure of co-operatives in Africa”. It can, however, be observed that African co-operatives are heading towards a noteworthy renaissance. To quote Pollet (2009: 1), “co-operatives in Africa are about to enter a phase of renaissance, but need a favourable legal and institutional environment, greater visibility, a stronger voice, further diversification, improved governance, better management, solid horizontal networks and strong vertical structures, to make this a reality”.

In the advent of liberalisation, particularly around the 1990s, Wanyama (2013) reports that co-operatives in Africa were seen to have developed as “genuine member-controlled and business-oriented organisations” which afforded to improve the welfare of the vulnerable people. The situation, with respect to co-operatives in Africa at that time, presents a “mixed-picture in terms of performance” (Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011). This is certainly that there are success stories, but failures too. It is in this context that a considerable understanding in terms of what enables co-operatives to survive the economic and political shocks at the same time maintaining their core functions remains essential towards addressing their existence.

4. Co-operative Sub-Sector in Tanzania, Malawi and Zimbabwe

4.1 Co-operatives in Tanzania

As of December 2019, and according to the Tanzania Co-operative Development Commission (TCDC), Tanzania Mainland had a total of 11,626 registered co-operatives. Of these, 6,178 were SACCOS and 3,835 being Agricultural Marketing Co-operatives (AMCOs) (ICA, 2020). The co-operative subsector is reported to directly employ around 90,090 people, whereby in 2019, the value of produce which were recorded to have been marketed through Mainland co-operatives were estimated to stand at 2.9 trillion Tanzanian shillings (TCDC, 2020 statistics). According to Maghimbi (2010), historically, peasants were the ones who established the very first co-operatives in the then Tanganyika in 1925. These co-operatives intended to simply enable indigenous peasants to gain a proportion of trade of crops. The pre-abolition era (i.e., before 1976) has been associated with the co-operatives’ success stories. This was followed by numerous setbacks registered by co-operatives in the post-abolition period (the period after 1982). In this context, there was an observed restricted role of co-operatives in the reduction of poverty also towards national development which resulted from the poor performance of co-operatives registered around the 1980s and 1990s (Maghimbi, 2006; 2010). However, what is seen on the ground with respect to the co-operatives movement now is that it is slowly picking itself up, though a substantial effort has to be made to face the challenges. After innumerable successes and failures as well, it was not surprising that the government of Tanzania established the new Co-operative Development Policy in 2002 to enable co-operatives to maintain their development path and also respond to the members’ needs. In Tanzania mainland, traditionally the types of co-operatives that had been dominating mostly were those which focused on the marketing of peasants’ crops. At the time, SACCOS were however dominating, a phenomenon observed at the beginning of the 1990s (Maghimbi, 2006).

4.2. Co-operatives in Malawi

It is in the records that co-operatives in Malawi are found in innumerable sectors of the economy, whereby the agro-business related co-operatives taking the lead at 70 %, followed by financial co-operatives standing at 10 % and the remainder of 20% taken collectively by services (cleaning), bee-keeping, mining and furniture. A total of 920 co-operative societies are reported to have been registered in Malawi (Makiyoni, 2019). Lynx Associate (1996) reports that it was during the colonial regime that the first phase of the co-operative development was observed. This was followed by an arrest resulting from post-colonial government’s tendency of interfering in the economy sector. It was later on, around the 1990s, that a new development phase prompted by the introduction of liberalisation was observed. In 1946, there was an establishment of the Co-operative Act. In 1947, during the colonial era, Malawians witnessed the registration of the first agricultural co-operative (Borda-Rodriguez and Sara Vicari, 2014; Matabi, 2012). As in many other countries in Africa, the establishment of co-operatives in Malawi was based on a top-down approach. In 1964, right after independence, there was deregistration of agricultural co-operatives and dominance of the smallholder sector by enterprises owned by

the state. It is during this time that Savings and Credit Co-operatives (SACCOs) found themselves flourishing as a result of the government losing interest in the financial sector. Hence, SACCOs independently started to grow (Develtere, Pollet and Wanyama, 2008).

4.3. Co-operatives in Zimbabwe

The co-operative movement is reported to have started quite a few decades ago amongst the white settlers. The formation of co-operatives by Africans was also permitted even some years before Independence. However, a relatively slow progress has been noted in that period. The movement in Zimbabwe has its origins way back in 1909. This is the time when the Co-operative Agricultural Act was established to facilitate commercial farmers to create marketing and supply co-operatives (World Bank, 1989). The Co-operative Societies Act (Chapter 193) was approved in 1956 which established the legal basis for the registration of co-operatives in Zimbabwe. At independence that was in 1980 the Agricultural Service Co-operative (ASC) movement had 343 registered primary societies with 700,000 members from communal farmers. Seven years later, in 1987, active ASC increased to 527 in terms of number with approximately 125,000 members. It is reported that the Government in Zimbabwe had made initiatives to promote co-operatives in various sectors of the economy, particularly in the agricultural sector (World Bank, 1989).

Co-operatives in Zimbabwe are categorised into: “housing co-operatives, fishing, manufacturing, agriculture, services (including transport, catering), savings and credit co-operatives, also mining co-operatives' ” (Parliament of Zimbabwe, 2016:1). The speedy growth in terms of the number of registered co-operatives resulted in stressing the available resources not only in the movement but also in the Ministry accountable for co-operative societies. The rate at which agricultural service co-operatives have been active is reported to have been higher at 85% sometimes in the 1980s, but the situation had reversed in the recent years partly due to experienced growing financial problems and a decline in business turnover.

In almost over the last two decades, an economic downturn has been experienced in Zimbabwe which is reported to have been caused, *inter alia*, by periodic droughts emanating from climate change, the shocking impact of the HIV and/or AIDS pandemic and also political instability. It is in this context that rural co-operatives in Zimbabwe are seen to become a ‘force to reckon’ due to their potentialities towards enhancement of food security, provision of employment opportunities, and improvement of households’ incomes (Mhembwe, and Dube, 2017).

5. Tobacco Co-operatives and Contract Farming in Africa: A Situational Analysis

It is in the records that, globally, between 2012 and 2018, the area under tobacco cultivation decreased by 15.66 percent; but it was reported to increase by 3.40 percent in Africa. In the same period, globally, there was a decrease in tobacco leaf production by 13.9%; but Africa recorded an increase by 10.6 % (Appau, et al., 2019; Paul, 2021). The leading tobacco leaf growing country in Africa is Zimbabwe (producing 25.9 % of Africa’s output), followed by Zambia which produces 16.4%, then Tanzania whose production stands at 14.4 %. The other tobacco leaf growing countries are Malawi and Mozambique whose production stands at 13.3% and 12.9%, respectively.

Tobacco farmers, just like any other farmers, have been organising themselves into co-operatives, *inter alia*, to meet their common social, cultural, and economic needs and aspirations. These include the need to improve households’ incomes hence fulfilling farmers’ quest to walk away from poverty through agricultural and marketing co-operative societies (AMCOS) (Mhembwe and Dube, 2017; Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011; Maghimbi, 2006; 2010). However, the co-operative presence in Tanzania, Malawi and Zimbabwe, generally is reported by Pollet, (2009) to be significant, though poorly documented.

Due to innumerable challenges facing the tobacco farming and tobacco co-operatives in Africa in general (Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011; Maghimbi, 2006; 2010; Borda-Rodriguez and Vicari, 2014; Pollet, 2009), co-operatives have been striving to emerge as resilient socio-economic organisations. According to Hoyt (1989), the more co-operatives are likely to flourish as resilient socio-economic organisations, the higher the chances of contributing towards sustainable and inclusive development. Borda-Rodriguez and Vicari, (2014:4) claim that resilience connotes “an organisational ability to develop some degree of adaptive capacity, that is, the ability to learn and adequately respond to crises”.

Tobacco farmers have been observed to involve themselves in CF arrangement through their AMCOS with an expectation that this will result in resilience and sustainability (Oya, 2012; Eaton et al., 2008). The tobacco subsector is reported to benefit from contract farming (Oya 2005, Eaton and Shepherd, 2001). This is very

particular when the need for substituting the state was obvious after neo-liberal reforms in the agrarian sector in Africa. This is when the states disengaged themselves from providing inputs, extension services, credit, and price supports. It is worthwhile to note that this is observed to mark the emergence of the private firms' initiatives to fill the same roles efficiently through contract farming.

5.1 Tobacco Farming and Contract Farming in Tanzania

In recent years, tobacco has become one of the most important export crops in Tanzania. While the country accounts for only 0.2 percent of the world's tobacco production, her production has been increasing steadily. The contribution of tobacco to the total export earnings from traditional export crops in Tanzania increased from 12.5% in 2005/06 to 37.9% in 2011/12 season; and for three years (2009/10 – 2011/12) tobacco has been a leading export crop in the country (Mayuya, 2013; Bank of Tanzania 2018; Ndomba 2018; Jha *et al*, 2020). Over 85 percent of tobacco grown in Tanzania is exported, earning the country an average of US \$ 38 million per season. Records from Tanzania Tobacco Board (TTB) indicate that tobacco contributes significantly to employment on farms and in processing industries. The sector employs more than 150,000 households in the production sector and more than 40,000 in processing. The contract farming models in the tobacco industry in Tanzania have the potential for transforming the farming sector, and if adopted by investors in other export crops it would contribute significantly in reducing social tensions between smallholder farmers and investors. Unlike many other sectors, the investors do not compete with farmers for land and production, which is a contentious issue at the moment. Instead, investors in the tobacco industry provide technology and market for farm produce on a contract farming basis.

Despite the economic benefits of tobacco, the negative impacts of its production on the communities and individual households involved in the production process have been widely documented (Kidane *et al*, 2015; Jha *et al*, 2020). Apart from environmental destruction and health hazards, the main concern is an increase in impoverishment among families engaged in the production of tobacco. Such impoverishment is related to poor input (fertiliser) procurement and distribution systems which have resulted in mounting debts on Primary Farmer Co-operative Societies. The debts are passed on to producers in the form of low producer prices and delayed payments.

5.2 Tobacco Co-operatives and Contract Farming in Zimbabwe

Zimbabwe is reported amongst the countries leading in growing and exporting tobacco in the world. It ranks the third largest in terms of tobacco production with the USA and Brazil at the front. Xinhua (2016) reports that Zimbabwe is the leading country in tobacco cultivation in Africa. It also ranks 6th globally, where Virginia flue-cured, burley, and oriental tobacco being the types of tobacco grown. It is estimated that about 95% of tobacco grown in Zimbabwe is flue-cured tobacco, which is famous due to its flavour. Tobacco is reported to have a significant contribution to Zimbabwe's economy. It is in the records that by the year 2017, this crop contributed 11% of the country's GDP. Also, it had 3 million out of the 16 million people in Zimbabwe whose livelihoods depended on tobacco cultivation (Xinhua, 2018).

It is due to low labour costs and high yields that Zimbabwe has become the leading producer of quality tobacco compared to Brazil and the USA. It is estimated that almost half of Zimbabwe's tobacco crop has been exported to the European Union. Unlike Tanzania, Zimbabwe's tobacco production is largely dominated by Large-scale commercial farmers (LSCF). LSCFs use modern machinery, overhead and drip-line irrigation also provide permanent wage labour. The involvement of smallholder farmers in the tobacco sector in Zimbabwe is very marginal compared to LSCFs. Tobacco inputs are supplied by buyers on credit to farmers. In Zimbabwe, tobacco is sold via tobacco auction floors. Auctioning tobacco in Zimbabwe dates back to the 1950s.

It is around the 1990's that numerous companies began to involve themselves in contract farming in Zimbabwe. Before that, the State was mainly responsible for regulating the marketing of agricultural products and this was made possible by various statutory marketing boards. In 1992, through the World Bank's supported Economic Structural Adjustment Programme (ESAP) the government in Zimbabwe embarked on the deregulation of agricultural marketing. It was during this time that liberalisation programs for the key agricultural products began. This has been noted to have enlarged opportunities for companies to involve themselves in contract farming. Currently, innumerable companies are into contract farming in Zimbabwe involving small-scale farmers growing more than 10 crops, tobacco inclusive. According to Poulton and Hanyani-Mlambo (2009), contract farming in Zimbabwe has been encouraged and supported by the state and several other agencies. This is reported to stand as the basis of a highly successful expansion of smallholder cotton farming from the 1980s (Scoones, Mavedzenge,

and Murimbarimba, 2016). A study by Moyo (2014) documenting the importance of tobacco production, and the role of contract farming, in the post-land reform era since 2000 has often been identified from the literature.

5.3 Tobacco Co-operatives and Contract Farming in Malawi

Malawi has a long history of tobacco production, traceable back to the early 1920s (Prowse, 2013). However, steady and rapid expansion in production was not seen until the late 1970s. Tobacco production was strictly controlled by the government before 1989. All tobacco producers had to obtain a licence from the government regulatory body, the Tobacco Control Commission (TCC), while only estates and landowners were eligible to apply for a production licence. In addition, a grower had to reach a certain production scale to be eligible to sell tobacco leaf directly on the auction floor (Nsiku and Botha, 2007). Thus, many small-scale farmers and farmers with rented land were essentially excluded from tobacco production. In early 1995, with assistance from the World Bank and the IMF, Malawi embarked on a structural adjustment programme designed to re-establish financial stability and set the basis for sustainable economic growth. The structural reforms were aimed at liberalising the economy and facilitating the development of the private sector. In the agricultural sector, reforms under the adjustment programme included allowing smallholder farmers to produce cash crops and liberalising marketing of agricultural outputs and inputs. These measures contributed greatly to the rapid expansion of tobacco production since 1995. Malawi is ranked among the top 15 tobacco-producing countries in the world.

Tobacco in Malawi is produced in both large estates, concentrated in the central plateaus of the country, and in small landholdings throughout the country. These smaller farms average about 2.5 acres (10,000 m²), about a third of the size of small tobacco-producing farms in the United States. For small farms with less than 1 acre (4,000 m²) in tobacco cultivation, four out of five farms had a negative income. The other farms had an average agricultural income of MK 3,000 or about 20 US dollars.

Much of Malawi's tobacco is sold through global leaf processing companies. The primary buyers of Malawian tobacco are Philip Morris International and British American Tobacco. Tobacco growers in Malawi have many options for selling their products. Tobacco growers can sell their products on auction floors through tobacco clubs. The unit price is higher when sold at auction, but producers must have at least 100 kilograms. Growers can also sell their tobacco directly to the Agricultural Development and Marketing Corporation (ADMARC) though this practice fell out of favour after economic liberalisation in the early 1990s.

In Malawi, tobacco production by smallholder farmers has passed through various production approaches including individual small-scale producers selling to intermediate buyers who were allowed by the Law to auction the tobacco; tobacco production clubs' system which involves several smallholders working collectively to produce and sell tobacco under contract farming arrangement. In this partnership, farmers are provided with a comprehensive input package, covering maize and tobacco. The growers are provided with capital to employ adult labour and maize ration to support their food requirements. The companies provide technical expertise to supervise and manage the enterprise and an administration team to manage the financial investment and oversee loan repayment. Both farmers and Companies benefit from the partnership. Companies are assured of increased high-quality flue-cured tobacco (doubled production) and loans are fully recovered. The growers benefit from higher yields and greater profit.

6. Resilience and Sustainability of Co-operatives: A Theoretical Perspective

Organisational resilience can be identified in terms of organisation's ability to develop a set of dynamic capabilities to adjust shocks, mitigate its effects and cope with the consequences while simultaneously taking advantage of opportunities emerging from a crisis (Seville *et al.*, 2006; McManus, 2008; Seville, 2009; Mamouni Limnios and Mazarrol, 2011).

The literature presents both positive and negative aspects in connection with contract farming (Warning and Hoo (2000) Glover and Kusterer, 1990, Little and Watts, 1994). The tobacco subsector has been amongst the sectors which are reported to have been benefiting from contract farming. Contract farming has the potential to substitute for the state in the wake of neoliberal reforms in the agrarian sector. As the state disengages from the provision of inputs, extension services, credit, and price support, private firms can enter to fill the same roles, and do so more efficiently. By applying the principles of New Institutional Economics, Warning and Hoo (2000) assert that a contract-farming scheme can impact the distribution of income. The authors therefore, modelled contract farming schemes as a principal-agent game in which a firm (the principal) works with a grower (the agent) to produce crops. The firm chooses growers with whom it would like to contract and sets the contract terms.

According to Ellman (1986), Glover and Kusterer (1990) a contract farming could be classified as follows:
Market specification contracts: future purchase agreements which determine the quantity, timing, and price of commodities to be sold.

- a) Resource-providing contracts: specify the sorts of crops to be cultivated, some production practices and the quality and standardisation of the crop through the provision of technical packages and credits.
- b) Production management contracts: associated with large out grower and nucleus-estate schemes, directly shape and regulate the production and labour processes of the grower.
- c) Out grower schemes: Schemes that provide production and marketing services to farmers on their own land. For Glover and Kusterer (1990), these generally connote a government scheme with a public enterprise, purchasing crops from farmers, either on its own or as a joint venture with a private firm.
- d) Nucleus Estate-Out grower Schemes: A core estate and factory is established and farmers in the surrounding area grow crops on part of their land, which they sell to the factory for processing.
- e) Multipartite Arrangements: A term often used in the literature to emphasise the participation of several actors.

The ability to withstand and cope with shocks is generally described as resilience (Innes and Booder, 2010:205). Organisational resilience can be identified in terms of organisation's ability to develop a set of dynamic capabilities to adjust shocks, mitigate its effects and cope with the consequences while simultaneously taking advantage of opportunities emerging from a crisis (Seville *et al.*, 2006; McManus, 2008; Seville, 2009; Mamouni Limnios and Mazarol, 2011).



The framework in Figure 1 indicates that resilience is rooted in five key factors, 1) membership, 2) collective skills, 3) networks, 4) innovation and 5) role of the state. The absence or presence of these factors can either weaken or trigger resilience.

6.1 Networks

The ability to set up networks has been identified as a crucial factor for co-operatives' success (Menzani and Zamagni, 2010; Gouët and Van Paassen, 2012). Here, the proactive agency of co-operative leaders is important as they are the actors that could facilitate access to resources and knowledge (Münkner, 2012; Simmons and Birchall, 2008). Networks can be horizontal where homogeneous co-operatives are gathered in Unions to (i) increase their marketing and bargaining power; (ii) fulfil contracts; (iii) offer services to primary co-operative members; and (iv) share risks and opportunities. Networks can also be established vertically, among co-operatives in the same supply chain but more often with other market players and external agents. Berdegué Sacristan (2001) considers support of external agents (such as NGOs, private extension firms, etc.) essential to provide road maps for collective action, access to information, expertise and financial resources. Münkner (2012:54) stresses the importance of 'knowledge sharing' among local co-operators and external actors in order to spread new knowledge and enable members 'to have a better understanding of the causes and effects of change, of the ways and means to cope with changes, of better use of available resources and how to mobilise additional resources.' The third type of network can be described as a network of networks (i.e., co-operative umbrellas, peak or apex organisations). Their main tasks range from co-operative development to representing

co-operatives with government and other institutions, from lobbying to advocating (Menzani and Zamagni, 2010:120).

6.2 Innovation

In the context of organisations, innovation is concerned with positive changes in productivity, quality, competitiveness and improved expertise (Juma and Yee-Cheong, 2005). Innovation enables organisations to improve their technological and economic performance. At the same time, innovation relies on an organisation's capacity to develop adaptive capacities (organisation's ability to learn and respond to shocks). In the co-operative context, innovation can also be driven by the availability and access to credit (i.e., loans) prices and competitive pressures from commodity value chains (Haggblade *et al.*, 2007; Elliot, 2008). Innovation requires the interaction of several actors (i.e., government, private companies, and development agents). Such interactions are particularly important in developing countries where co-operatives have few resources and barely interact with private enterprises across national or international markets.

6.3 Role of the Government

A crucial role to develop co-operatives resilience is envisaged by the state. It is broadly recognised (e.g., FAO, 1996; Birchall, 2003, 2004) that in much of the developing world, co-operatives have been managed by governments that have barely empowered co-operative members. However, for co-operative movements to autonomously flourish and build up their resilience, governments have a great role to play in providing an 'enabling environment'. Some of the factors that can trigger an enabling environment include (Münkner, 2012:44): an economic, political and legal system that recognises co-operatives as autonomous private member-owned forms of business. A co-operative development policy, drawn up in the spirit of internationally identified guidelines (UN, 2001; ILO, 2002), an infrastructure environment that can facilitate co-operative activities, from communications to logistics, from transports to information and extension services.

6.4 Resilience and Sustainability of Co-operatives in Tanzania, Zimbabwe and Malawi

Recently, tobacco cultivation has shifted to Africa for several reasons, including a more favourable regulatory environment, as well as an increasing demand for tobacco. As per WHO global report on trends in the prevalence of tobacco use 2000-2025 (third edition, 2019), the number of tobacco users in the WHO African Region increased from an estimated 64 million adult users in 2000 to 73 million in 2018. This increase contrasts with a decline in the number of tobacco users globally, from 1397 million to 1337 million over the same period. While the use of tobacco in the African Region is still less than in most regions, the use is increasing in several African countries due to aggressive marketing by the tobacco industry. (WHO, 2021).

Tobacco co-operatives in Tanzania, Zimbabwe, and Malawi have all been enjoying favourable regulatory environments. This signifies that there is significant support that these co-operatives have been receiving from the state. Malawian co-operatives show a degree of resilience; that is, they have been able to both cope with challenges and find innovative ways to address their constraints. As noted earlier, co-operatives are resilient when they can maintain their core functions while coping with shocks and stresses. This is possible in so far as co-operatives can develop a degree of adaptive capacity.

It has been revealed that the unions play a key role in the development of co-operative resilience. They provide a central hub where challenges and limitations are identified, strategies developed and ideas and plans can be translated into action. Union leaders and managers can strengthen all the five factors for resilience including women's inclusion and promotion. The unions also proved to be crucial to address the limitations faced at the primary society level by providing and/or channelling some services for members which meet their needs and help strengthen their commitment to their co-operative. Unions, for example, provide training, and often engage with external actors to do this. This helps to increase collective and individual skills amongst members. Unions and their leaders also foster links between co-operators, primary co-operatives, domestic and international markets, development agencies, commercial banks, and other co-operative unions in the country. They also engage with the government by representing co-operatives' interests and lobbying on their behalf. In this respect, although unions play a crucial role in co-operative development, they also need an enabling legal and policy environment to function well. Here it is the government's responsibility to provide the appropriate legislative and policy framework for co-operatives to flourish.

Similarly, in Zimbabwe tobacco co-operatives are seen to exhibit a degree of resilience since there is substantial support that they have been receiving from the state including the regulatory aspects. The most common being the Co-operative Societies Act [Chapter 24:05] of 1990. This Act replaces the existing Co-operative Societies Act with a new Act covering comprehensively the structure and functioning of the co-operative movement in

Zimbabwe and its relationship with the State. The Act provides for the formation registration, regulation, management, functioning and dissolution of co-operative societies per co-operative principles and pursuance of Government policy and self-reliance; for the formation of a National Co-operative Federation; and for the establishment of a Central Co-operative Fund. Contract farming presents an innovation that has been noted to play a part towards resilience and sustainability of co-operatives, tobacco co-operatives inclusive. In this context, what has been observed is that in the quest to solve the shocks and uncertainties in co-operatives these countries have been employing contract farming to solve such mishaps.

7.0 Conclusion

It has been observed that tobacco co-operatives in Tanzania, Zimbabwe, and Malawi have displayed a certain degree of resilience and sustainability based on the three important aspects of resilience. These include networks they possess, their ability to innovate and support received from the state which connotes the role of the state. Despite the global campaigns against tobacco due to its harmful effects, tobacco production has been noted to increase. Co-operatives have also been observed to continue to play their roles too. This signifies that all these have been happening in the face of an economic, political and legal system that recognises co-operatives as an autonomous private member-owned form of business.

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