

Promoting Livelihoods through Co-Operative Organization and Action in Africa

A Rural-urban integrated perspective

By

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1.0 Introduction

Co-operatives are social and economic organizations that people form in order to respond to their social and economic needs. They are also part of a social movement where the civil society is giving its own response to underlying socio-economic problems (Gojlyx:2008) caused by the system ownership of major means of production, distribution and consumption. The people who form co-operatives are historically considered to be the general poor who do not the individual economic means of meeting the minimum conditions of livelihoods. They therefore form co-operatives first to manage business competition by establishing an enterprise where they contribute to the shares to form the enterprise that would offer the members services at reasonable and competitive prices (ILO: 1966). Co-operatives therefore are not just organizations for the rural, but also for the urban poor.

If one looks at their structure, co-operatives worldwide, are similar. They consist of membership, employed professional management and the Board. Given their principles which are also accepted globally, co-operatives are built on values and ethics of humanity as open and voluntary membership, democratic control, member economic participation, member autonomy and independence, education and information, cooperation among co-operatives and concern for the community. (ICA: 1995). The first four principles support the basic ethical values and identity of a co-operative enterprise. They distinguish co-operatives from capital based enterprises and they provide the basic characteristics of doing business (Chambo:2009) It is such ways of bringing equity, equality and mutual self help that has given hope for the poor in developing countries including Africa.

Co-operatives being economic and social enterprises, are pluralistic and can be formed in any sector of the formal and informal economy. Like Europe of the 19th century, they are responding to areas where the economy of small scale farmers is heavily challenged by market competitive conditions such as agricultural marketing, financial services, consumer goods distribution, fisheries, mining and general services. This flexibility has given the co-operatives the power of formation, geographical location and political acceptability across nations.

In this brief presentation, I will give some thoughts on promoting livelihoods through cooperatives and my main argument is that co-operatives in Africa, have failed to exploit their potential of economics, geography, and politics because of the colonial and post colonial laws and regulation of dichotomizing rural and urban spaces. The presentation is looking at: Brief historical note, economic and political role of co-operatives, the legal dichotomy of location, the emergence of the rural urban space, co-operative response to the emerging eco-system, tested research methodologies and conclusions.

2.0 Historical Note

Co-operatives as we know them as contractual organizations have their origins resulting from Europe and more specifically the United Kingdom for the consumer co-operation and Germany for the financial services co-operatives. They were formed as response and protective organizations against the ills of society. The organizational mode, spread to the former British colonies popular in commodity production and marketing. The spread of financial services was established mainly through religious organizations mainly the Catholic church.

Co-operatives emerged in East African countries in the cash crop economy of coffee, cashew nuts, cotton and tobacco where small farmers were greatly involved. These organizations were popular in the rural space and not an outfit of urban areas. Historically, the financial co-operatives were in emerging urban areas where cash as a commodity was also popular. Consumer co-operatives came into the picture after independence in the 1960s, but it was compromised by the low level of industrial development and later, oversupply of industrial consumer goods against existing demand.

Agricultural marketing co-operatives became very strong and large size organizations, making countries like Tanzania "the co-operative giant of Africa" where 97% of the marketed output was through the co-operative organization by 1967 (Livingstone: 1968). But the size, economic control and spread into the rural areas since the 1930s, had far reaching implications in the legal framework.

The co-operative laws in East Africa were copied from the Indian legal system where the British first tested the co-operative model of organization. The laws had two important characteristics; making co-operatives pure economic organizations and secondly putting surveillance on their political behaviour. As one of the colonial officials put it “co-operatives are good but dangerous at the same time.” This was clear that they were confined into the rural areas but needed careful control.

3.0 Economic Role and the Legal Dichotomy

Co-operatives became an important force in the export agricultural economy. The organizations managed to dislodge private middlemen and accessed better commodity prices from global commodity markets. The economic upsurge of agricultural marketing co-operatives in the cash crop growing areas made farmers economically powerful and those areas became economic growth poles such as Kilimanjaro(coffee), Kagera(coffee), Mwanza(cotton), Shinyanga (cotton), Mbeya(coffee) and Tabora (tobacco) These are the areas where better living conditions improved at a fast rate than other areas of the country where food production dominated. Co-operative contributed to social services improvement such as education, health economic infrastructure.

But all this time, the urban areas were legally spared from agricultural marketing involvement because, first, the urban place was required to be a forestless space, agriculture was a rural phenomenon and food availability was not an issue because the urban areas could be fed both by rural areas as well as imported food from abroad .On the other hand, although financial services were emerging, they were seen as an urban organization and the laws made it that way.

After independence, there were two interventions carried out by the new administration. First, co-operatives were made popular in the food growing areas. Secondly, central planning policies, made agricultural co-operatives monopolists of supply of crops under government owned marketing boards. But the laws prohibiting agriculture in urban areas were maintained to date. The laws even specified the word rural to mean confinement of the organization for the rural people. The continued practice therefore is the absence of urban agricultural marketing co-operatives for the reasons that the traditional cash crop economy was land extensive depending on widening methods of agriculture, small farmers was a rural concept, and the urban areas were not for agriculture.

4.0 Emergence of the Rural Urban Interface

The growth of cities and urbanization went very fast after independence for three historical reasons. First the school system was understood by the ordinary people that success in education,

meant better livelihood conditions in the urban areas because the best jobs were found in the urban areas. Secondly, there have been slow progress in the transformation of agricultural production technology. The slow improvement in rural technology acted as a push factor for the youth population to drift into the urban areas in search of better life in urban areas with all social amenities such as water, electricity, transport and medical care. Thirdly, industrialization was an urban outfit and it acted a pull factor for rural urban population drift. A research carried out in the early 1990s alluded to the fact that the movement to the city of Dar was at the rate of 37,000 people per annum. The rate at the moment must have increased.

But after the cities are full of people and the new set of policies of state downsizing, privatization and liberalization, has given birth to a new social stratum of the urban disposable population (Chachage: 1992). This is a population of able people who have strength but they are unemployed because first they do not have the skills and even if they had the skills, they were not willing to go back to their original rural areas. Those who manage to get jobs, cannot subsist in the typical urban areas because high rents are pushing them out of the inner city. Some take on casual labour with private companies especially in the construction sector. All these are economically being pushed out of the city. Not only the push of economic necessity, but urban laws prohibit them to carry out informal business enterprises in the inner city. You will find city militia biting them up because they are not officially needed in the urban space.

When this urban push is carried out, the concerned move into places outside the city, but within proximity so that they can still get advantages of both worlds. They are part of the city and part of the village, creating peri-urban space as an emerging phenomenon of consensus that it is a place Where all urban and rural interests are accommodated.

5.0 Co-operative Response to the Per-Urban Ecosystem

While it is accepted that the peri-urban space is a point of agreement as shock absorber of urban hardships and a space where both industrialization and agricultural business can take place to the advantage of the proximity of the city, the laws have not yet recognized the challenge of improvement of livelihoods in the new ecosystem. The peri-urban place is not currently in any policy discussion. The on and off discussion statements being given by the government are the fact that the modernization of major cities will take a strategy of building what are known as satellite cities. Secondly, there is no evidence that the concept of satellite city is the same as peri-urban city where the village is part of the city. Third there is no evidence that the laws of

dichotomizing rural and urban areas are going to be reviewed soon. The review will come later when damage will have already been done.

But co-operative organizations as people driven institutions, have a role to play in the sustainability of livelihoods in the peri-urban space as well as building up the new ecosystem of cities. Co-operatives can be formed in different activities where people would like to alleviate new socio-economic problems. They can be involved in well planned urban agriculture in forming agricultural marketing co-operatives for feeding the greater city, forming poultry, piggery dairy co-operatives and fisheries marketing co-operatives targeting the immediate city. People can be mobilized to form collection and sanitation worker co-operatives for cleaning the city, school and health co-operatives.

There are co-operatives in the current peri-urban areas, but they were conceived in the framework of the historical dichotomy of the rural and urban spaces. A new form of co-operative enterprise is needed for the emerging peri-urban space because the concept of the new space has never been well conceived in the current legal system. We therefore see those co-operative laws talking more about agricultural cooperatives and not urban agriculture. They are talking more about employee based financial co-operatives than rural savings and credit co-operatives.

The new environment and economy of the peri-urban space need a new orientation by policy makers and legal framework. They also need a new mind set of traditional promoters of co-operatives away from the influence of rural-urban definitions of cooperatives to more dynamic frameworks accommodating the rural urban continuum

6.0 Tested Research Methodologies

Making research intervention into existing co-operatives in rural, urban and peri-urban areas is the next challenge of the research community. First is the understanding of the dynamics of people's movements from the rural to urban areas. The current rural push and urban pull factors should be delineated within the context of the structure of the larger national economy. Second is the movement and the contradiction of city as a space that negates the growth of the informal sector and cleaning up the disposable population and thirdly a deeper understanding of the economic mainstay and livelihood conditions of the poor in the peri urban areas in sustaining the economy through self help organizations or co-operatives.

In doing so, there are research methodologies which would appear to be more useful. One of the tested methodologies is the Formative Process Research approach where the members of existing co-operatives and some of the aggrieved displaced are taken as resource and participating researchers by academic researchers as one team. Data is collected by the joint team and a draft synopsis report is written without making conclusions. The findings are then discussed at a formative stakeholders' workshop where conclusions and recommended actions for change are discussed, culminating into an action plan that will take those who participated in the research as main actors determining the change process as their own.

As Co-operative research and training university, we are still making use of the formative Process research methodology because we think it is participatory and takes the stakeholders as owners of the research process and owners of the process of change.