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CO-OPERATIVE EDUCATION AND TRAINING IN TANZANIA: FORTY SEVEN YEARS OF EXPERIENCE IN REACHING MEMBERS, CO-OPERATIVE MANAGERS AND LEADERS OF CO-OPERATIVE ORGANIZATIONS

BY

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## CO-OPERATIVE EDUCATION AND TRAINING IN TANZANIA

### 1.0 Introduction

Tanzania has one of the longest histories of co-operative development in Africa. The first co-operative society, was registered in 1932, after the enactment of the first Co-operative Ordinance of the then Tanganyika. In the year 1967, Tanzania was known as "*the co-operative giant of Africa*" third to Denmark and Israel. This was because 97% of all export crops were channeled through the agricultural co-operative movement.

Nationally organized co-operative education and training delivery system, started in 1963, when the government established the Co-operative College, currently known as the Moshi University College of Co-operative and Business Studies in short (MUCCoBS). Before that, co-operative managers and government regulators were trained at the UK Co-operative College in Loughborough, currently shifted to Manchester.

There were three main reasons supporting the establishment of the Co-operative College in the country; First, the number of co-operatives increased three times the original figures of less than 100 co-operatives. This means the demand for co-operative education was fast increasing. Second was the need for access to member education. Locally available educational facility, that brought proximity to education for the general membership and the public in general. Third, was the need for appropriate design of the required member education based on the organizational mix of co-operative societies in the country. In the 1930's, the dominant organization for the co-operative movement in the UK was the consumer co-operative system while the one obtaining in Tanganyika

by then , was the agricultural marketing co-operative movement. The country therefore, needed education and training for improving the performance of agricultural marketing co-operatives in the country as a priority

The establishment of an education and training facility for the co-operative movement, is part of the implementation of Principle no 5 of co-operation which states that education , training and information must be provided to the members, leaders, employed staff and the general public. A co-operative society, is a value and ethical driven organization, therefore those establishing it , the leaders and the staff should be aware of the type of organization they are working in . For the public, the principle argues that individuals who would like to become members , must do so with clear knowledge of the functionality , benefits and costs of co-operation.

In this presentation, we are going to make an outline of the experience of co-operative education and training delivery in Tanzania. We shall cover the following aspects after the introduction. First , we look at the concepts of co-operative education, co-operative training and co-operative learning. Then we shall analyse the historical context of the co-operative movement in Tanzania. This will then be followed by the MUCCoBS experience with the integrated co-operative education and training model and finally we look into the challenges of future of co-operative education and training in Tanzania and Africa in general.

## **2.0 Concepts**

### **2.1 Co-operative Education**

Co-operative education is the general knowledge and awareness of the functions and operations of a co-operative enterprise. It is a process of creating the understanding of how, why and when co-operatives are formed. Members and all concerned, must know that a co-operative society is a collectively owned economic and social enterprise, formed by a group of individuals who voluntarily contribute to the assets and share the benefits and costs of maintaining the organization. All people joining the co-operative enterprise, know that the management of such enterprises, is guided by the internationally accepted principles, values and ethics of equity, equality, self responsibility and democracy.

This general knowledge, teaching values and norms of behavior is the basis for further education and the acquisition of theoretical and practical knowledge in terms of vocational training (Munkner:1995) of the co-operative enterprise.

### **2.2 Co-operative Training**

Co-operative training is more specifically, the process of acquisition of specific skills needed to run a co-operative enterprise, first as a business organization and second as a social enterprise. The social dimension of the enterprise, is added because different from other types organizations in the public and private sectors, co-operatives are formed to improve the economic, social and cultural conditions of the members.

The skills involved are usually general and specific. The general skills, fit into any business organization such as commercial knowledge, management, economics, marketing accounting, warehousing, processing and finance. But there are also more specific skills needed for different

types of co-operative enterprises. For example, the specific management tools required for agricultural marketing co-operatives are different from those needed by financial or housing co-operatives. Those skills needed by members of different co-operatives are also different from one type to another (Chambo:2008).

Education and training delivery institutions, must design appropriate skills- based tools for each of the different types of co-operative societies and the different power groups inside the co-operative organization ; the members, the employed staff and the leaders. For example, for the close monitoring of business performance of a co-operative, the members need simple business planning techniques ,how to read and interpret financial statements and simple techniques of auditing and inspection. Training in leadership skills will normally include issues of democratic governance, creating instruments for accountability, responsibility, transparency and member participation. The target groups for leadership training skills in co-operative enterprises will be the elected leaders and potential leaders – the membership. It is when the members acquire leadership skills they can put into effect better principles of good governance.

### **2.3 Co-operative Learning**

A co-operative society is a continuous learning organization. Members forming this organization believe that through collective efforts they will be able to carry out group enterprise business. As a group they start learning about their collective problems and use the principles of co-operative learning to diagnose them and find joint solutions using their co-operative organization.

Members who form co-operatives, face two scenarios of business decision making and hence the need for co-operative learning. First, they

are business people at the level of their own economic activities at the household levels. They need tools for managing those private businesses. At the second level, they need business decisions at the co-operative organizational level. Both the two level call for organized group learning for two reasons; First, members tend to learn faster when interacting with other members of the same level. Secondly, there is more synergy when members analyze a co-operative problem jointly and design appropriate solutions to the identified problems.

### **3.0 The Historical Context of the Co-operative Movement in Tanzania**

As pointed out earlier, the co-operative movement in Tanzania started almost 80 years ago as a response mechanism against suppressed commodity prices. They mainly started with the collection of coffee, cotton, tobacco and cashew nuts. By 1966, Tanzania, had one of the first co-operative banks in Africa.

The fast growing co-operative movement, started facing major operational problems; first with the central planning system and the socialist orientation of the state which saw them as building capitalism in the rural areas. Second, the fast growth of co-operatives by numbers, outpaced existing management and leadership capacity, resulting to governance crisis. Thirdly, the co-operative movement in the later years registered a large number of uninformed members. According to Carlsson (1992), there are three motivations for people to join co-operatives as members. Some, join because they have been told by the government to join a good organization. Another group, join because they think they will get opportunities for free riding and the third group

are those who are genuinely joining because they want to alleviate income poverty. The first two groups will always cause a crisis of co-operative governance.

During those crisis years, the college was in place, but it was still young and did not have the research capacity to handle legislative, managerial and policy crises of the co-operative movement. The co-operative movement was dissolved by government action in 1976 including the co-operative bank. But the college as a public institution, remained teaching mainly business subjects. Between 1976 and 1984, the crop economy was seriously distorted because the co-operative channel was dissolved. This commodity crisis of supply, forced the government to re establish the co-operative movement, this time without the co-operative bank and the confidence of the membership was critically eroded.

By 1990, the college had advanced sufficiently to carry out research in the problems of the new co-operative movement and concluded with a strong recommendation for a new Co-operative Act that pronounced the centrality of a member driven co-operative movement in 1991.

With all the ups and downs of the past, the co-operative movement in Tanzania, is still growing and becoming more complex. There are about 5,000 co-operatives of different types and size with a membership of about 1 million, demanding different types of education and training interventions.

Currently, the types of co-operatives predominant in Tanzania include agricultural marketing co-operatives, financial, housing and fisheries co-operatives. To a large extent, the design of co-operative education and

training will reflect the general and specific demands of existing co-operative organizations. On the other hand, the structure of the co-operative movement will also have an influence on what is taught and at what structural level of the co-operative movement. The structure of the movement, is another complexity in designing co-operative education and training programs. The movement, is structured starting from the local level, to the unions located at district or regional levels and the national federation. The design of co-operative education and training will have to assume delivery mechanisms for the different levels of the existing co-operative structure from primaries, unions and federative structures. But this is a structure for the traditional agricultural marketing co-operatives.

For the financial co-operatives, officially known as savings and credit co-operatives, the structure is mainly of two major levels. The primary and the national union of savings and credit co-operative societies.

The other types of co-operatives such as fisheries and housing co-operatives only exist at the primary level and have not affiliated themselves into any district or regional union structure or the federation. But in theory, all these structures at different stages, need well designed and appropriate co-operative education and training system that makes them effective competitors in the market.

At the same time, there is demand for co-operative training for the institutions serving the co-operative movement in areas of external governance. These include the Co-operative Development Department and the Co-operative Audit and Supervision Corporation. Both these are government structures aimed at providing supervision audit and inspection services to the existing co-operative movement and need more



professional co-operative education and training . All these , need a well structured education and training institution which can respond to changing structures and needs of a dynamic co-operative movement.

#### **4.0 Integrated Co-operative Education and Training Model at the Moshi University College of Co-operative and Business Studies**

The growth and changes taking place at the university, have always been dictated by three major forces; First, the need to be technically honest and scientific advisor to the co-operative movement and the government on co-operative principles and processes . Second, is the need to use research output as guide to new theories and practices of co-operation and thirdly, the need to respond to changes in training needs of a diverse and growing co-operative movement. The following outline is indicative of the impact of the forces above.

#### **4.1 The First Twenty Years of The Co-operative College and The Co-operative Education Centre**

The Moshi University College of Co-operative and Business Studies was established 47 years ago as a government facility to provide Co-operative training for co-operative managers and government personnel in the Co-operative Development Department and those from the Audit and Supervision Corporation.

In 1964, a sister institution known as the Co-operative Education Centre, (CEC) was established to provide co-operative education for the members. So at the beginning, the delivery of co-operative management skills and co-operative member education were separated because the CEC, though located in Moshi, was the education facility of the national

apex organization by then the Co-operative Union of Tanzania and today the Tanzania Federation of Co-operatives. While the Co-operative College was a public institution, the Co-operative Education Centre was a movement facility funded originally by the NORDIC Project for Co-operative Development in Tanzania and later on by the Co-operative Union of Tanzania.

In the mid-1970s a decision was taken by both the government and the Co-operative Union of Tanzania to put the two institutions under one leadership structure of the college. The Principal assumed two responsibilities of PRINCIPAL/DIRECTOR. Principal for the college and Director for the CEC. The CEC was then led by a deputy Director. This organizational structure continued to benefit from funding sources of the Co-operative movement supported by the Nordic Project and the Co-operative College supported by government budgetary allocations. The Co-operative Education Centre was decentralized to the regions with a regional network of structures called Co-operative Education Centre Wings. The CEC disposed co-operative education for the members through short seminars, radio study circles and correspondence courses structured for attainment of basic qualifications in co-operative management. Meanwhile, management training was carried out at a central campus in Moshi.

Residential management training in Moshi started with low level courses in Management and Supervision courses of a duration of three months, and later six months before one could graduate with a certificate of Management and Administration. The programs grew in type and level from certificate to Ordinary two year diploma in Management and

Accounting and Advanced Diploma in Co-operative Management and Accounting and Postgraduate Diploma in Co-operative Business Management.

Major changes in the curricular of both the Co-operative College and the then CEC were principally determined by changing demands and requirements of governance in the co-operative movement of the day. But two problems were being experienced at this time; As liberalization and privatization ensued at the beginning of the 1980s, co-operatives were visibly defined as private organizations and hence the CEC was seen in the same way. Secondly, liberalization was a threat to the unprepared co-operative movement. It could not survive the competition. But the original government sponsorship of government students also started to decline in the same token that the co-operative sector was on decline. The College reflected on these forces and started a new process of change and integration of co-operative education and training.

#### **4.2 Integrated Co-operative Education and Training Model 1980-2010**

At the start of liberalization and privatization policies, the CEC was threatened by closure as a private provider of education. In response to this, the Co-operative College quickly went into integration of the Co-operative Education Centre to become part of the Co-operative College by establishing the Directorate of Field Education (DFE), maintaining the regional outreach system. The integration, saved the CEC from total collapse, because when it became a directorate of the Co-operative College, it was a public structure and received minimum government funding to run seminars, radio programs and correspondence courses.

But the achievement of an integrated co-operative education and training structure opened the door for new three challenges; First as a mid level college, it was under a parent Ministry of Agriculture and Co-operatives which had no mandate of the general education budget. Therefore, the funding that was available for the college was for a few recurrent budget items such as salaries of staff and little amount to cover other charges but no capital development funding. The second challenge was the low level of admission to co-operative programs now that liberalization was killing the active marketing co-operatives. Thirdly there was little funding for research activities. It was therefore seen that the integrated co-operative education and training model was established in that member education, lower and middle level training for managers and promoters of co-operatives were all in place. But sustainable funding for capital development and research were not in place yet. On the other hand, we realized that as the 21<sup>st</sup> century came around, the output of the college with diploma was very soon going to be outdated. Certificate and Diploma graduates were technicians who were quite good in maintaining the status quo of institutions as they stood. They were by orientation not designers and thinkers for questioning and changing co-operative organizations and systems to fit the competitive frameworks of the 21<sup>st</sup> century. We therefore transformed into a university institution but maintaining co-operative education, certificate and diploma programs and adding on to them, basic degree programs, Masters and later PhD Programs.

Currently therefore, we are running correspondence courses, radio programs and seminars for ordinary members in our outreach system

under the Institute of Continuing Co-operative Development and Education.

We are therefore are running residential programs under two major faculties; The Faculty of Co-operative and Community Development Studies and the Faculty of Business Management and Information Sciences. We offer certificate programs in microfinance, management and Accounting, Information Technology and Accounting and Finance. We run two year diploma programs in Co-operative Management and Accounting, and Business Information Technology. There are five basic degree programs in Co-operative Management and Accounting, Accounting and Finance, Microfinance and Enterprise Development, Procurement and Supply Management and Community Economic Development. More basic degree programs are being designed in marketing and International Trade,, community resources management, Education Commerce, Environmental Studies , Co-operative Law, and Business Economics.

In January 2011, we start the Masters degree in Co-operative and Community Development and more Masters programs are on the pipeline. Recently, we have received permission to co-ordinate the PhD program by research at the college.

After assuming a university status, we are now getting funding to finance operational costs, capital development, co-operative education and research. Our chosen strategy for expansion is guided by inside-outside-innovation rather than outside-inside –prototyping standard university programs. We try to be as much as possible to do unusual university

business, responding to current and future needs of a growing co-operative and community economies of Tanzania.

#### **4.3 Special Tools , Methods and Structures of Co-operative Education and Training**

Our process of change is not only in the content and type of programs, but it is also guided by a new reconceptualization of methods of delivery and approaches. As we were preparing to become a university institution, we also spent the years 1990-2000 carrying out experimentation and testing new tools of education and training in collaboration with international partners including the IDRC of Canada, FAO, NORAD of Norway, Swedish Co-operative Centre of Sweden, foreign universities such as the Free University of Amsterdam and the Institute of Environmental Studies at the University of Sussex.

We are currently working with three African Universities (Malawi, Uganda and Zambia) on an Exchange program for young researchers , Humber College of Advanced Learning and we are part of the LEAUS PALME Fellowship program with Sodertons University in Sweden. We are also collaborating with the UK Co-operative College in Manchester. We are also working with the Derjardins Group of Canada.

participatory methods for member empowerment with very positive results at the local level. The Swedish Co-operative Centre we unveiled the potential for small farmers to develop business plans which they use to enter competitive markets through the Farmer Enterprise Development and Action (FEDA) In the research exchange program, we are collaborating with the universities of Zambia, Malawi and Makerere in

The series of collaborative networks on our side, have enhanced our methodologies and approaches to co-operative education and training. But also, such interactions, have enabled us also to develop sustainable structures which can enhance our response mechanisms to current and future co-operative development through innovation and entrepreneurship of which a few examples will be useful for this indaba.

#### **4.3.1 Empowered confident members**

Many African governments are challenged by a real need on whether the legal and policy framework can generate member driven co-operatives. Our field experience with member empowerment programs, indicate that empowered members are able to challenge the government through dialogue and cost effective business performance. We have seen that with members empowered with basic tools of analyzing financial statements of their co-operatives and doing basic business calculations, they can develop the entrepreneurial ability to access better markets and better prices.

#### **4.3.2 Sustainable Rural Financial Co-operatives**

The tradition of the development of savings and credit co-operative has always confined itself with urban working class and not with ordinary small traders or small farmers. Through a program on rural financial institutions development we have seen that small farmer marketing co-operatives backed by the warehouse receipt system and co-operative banking, they can gradually break the vicious cycle of poverty. The warehouse will keep their crops waiting for better prices while co-operative banks and savings and credit co-operative can advance loan up to 80% of the stored commodities so that the small farmer is protected from the vagaries of unscrupulous middle business people.

### **4.3.3 Farmers as Entrepreneurs**

The Tanzanian agricultural co-operative history, has seen small farmers being taken as producers only and collecting their produce at the primary society and the union will collect the crops and it will search for the best buyer of the crop, deduct its costs and hand the residue to the small farmer. This approach has kept small farmers at the receiving end and poor at the hands of co-operatives. Our intervention with FEDA and MEMCOOP programs we have seen that under liberalized markets the business of agricultural marketing has to shift to the primary society. If major decisions are taken at the primary societies members are able to address poverty issues than when business decisions are taken at the union levels. This means that the primary society needs strong leadership and management capacity to achieve their long term business objectives.

### **4.3.4 Innovative Farmers at the Village level**

Our involvement in a program known as Indigenous Soil and Water Conservation in Africa, we were able to document a list of farmer innovators of technology and their innovations. We found that these innovative farmers had their own culture of experimentation with different modes of farm technology and skills which were not documented in modern scientific literature. We gave those innovative farmers the opportunity to demonstrate their skills and innovations before agricultural scientists and extension officers from universities and the Ministry of Agriculture. The scientists and extension officers accepted that there was a whole range of sustainable innovations designed by innovative farmers and which should be recognized by modern science and policy makers. However, as long as they were working in isolation,



there was need to network them, before they put a common voice for policy recognition.

#### **4.3.5 Center for Co-operative Entrepreneurship and Innovation**

The field experience working with different farmer groups, gave us a new vision for new structures of the university. We found that we needed to establish the Center for Co-operative Entrepreneurship and Innovation which would act as a bridge between academic programs and the field, it would act as a major link between long course academic program students and real experience of small farmer innovators, entrepreneurs and successful business community. The Center was inaugurated last year and currently developing its first strategic plan. Within the same thinking we have expressed in our charter that the university library, will now be known as The National Co-operative Library and Archives. This has also been implemented in our charter.

#### **5.0 The Future of Co-operative Education and Training**

Our experience informs us that a co-operative university must use all its means in education, training, research and community service to rediscover and renovate the future co-operative enterprise in our country and Africa in general. A university like ours must develop a culture of new disciplines addressing the development of different modes of co-operative enterprises both for urban and rural producers and must teach those disciplines inside university classes and provide them in co-operative education programs in a simplified manner. The late father of the Nation Julius Nyerere once told university of Dar es Salaam students that the relevance of a university is its capability to produce graduates

who can summarise a big volume of for example Introduction to Accounting by Frank Wood which is 500 pages into one page, written in Swahili and be able to teach his mother and understand it. So as a university for Co-operative and business studies we have many challenges , but I can just highlight a few as follows:-

- Inter-University collaboration on research , curricular development and innovation (The African business and co-operative context , is historically similar, we need close collaboration and networking in research, consultancy curriculum development , innovation and field intervention . I have come to open that challenge with this university in South Africa and others. Last year we tried to form a network of universities and colleges to address those issues. The formation has not legally been constituted because we have not yet agreed on the final version of the constitution. Immediately this is agreed, we shall see the formation of this important network for Africa.
- Decentralized education and training delivery  
As pointed out earlier, co-operative education must move to the members. Consequently, universities and colleges offering co-operative education, need decentralized structures so that members have easy geographical and social access to co-operative education delivery. There are expenses attached to the process but the advantages are more in the long run One of the advantages is the whole question of adult literacy attached to co-operative learning. In this way, co-operative education delivery also becomes part of functional adult education.
- Member empowerment and entrepreneurship the engine of co-operative development in Africa

- Our experience in co-operative education delivery, has informed us that good governance practice alone, does not create high impact on co-operative action. The members need transformation from mere producers to becoming entrepreneurs. They must be prepared to run their production activities with a market mind and taking risks. This will also assist them in controlling the business of their co-operative organizations. Remaining as producers and members create a situation whereby the members are driven by professional managers because they see marketing and decision making as activities demanding high level expertise. This makes member participation weak and ownership of the organization is quietly handed over to the management

## **6.0 Conclusion**

In this presentation we have seen the history of co-operative education and training in Tanzania. Changes in the delivery and content of education and training, have been dictated by major changes in the co-operative movement. We have also seen how collaborative networks have enriched our capacity to design more specific education and training programs appropriate to any given situation in our countries. We have finally argued that colleges and universities need a sustainable network which will support co-operative education and training in Africa

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