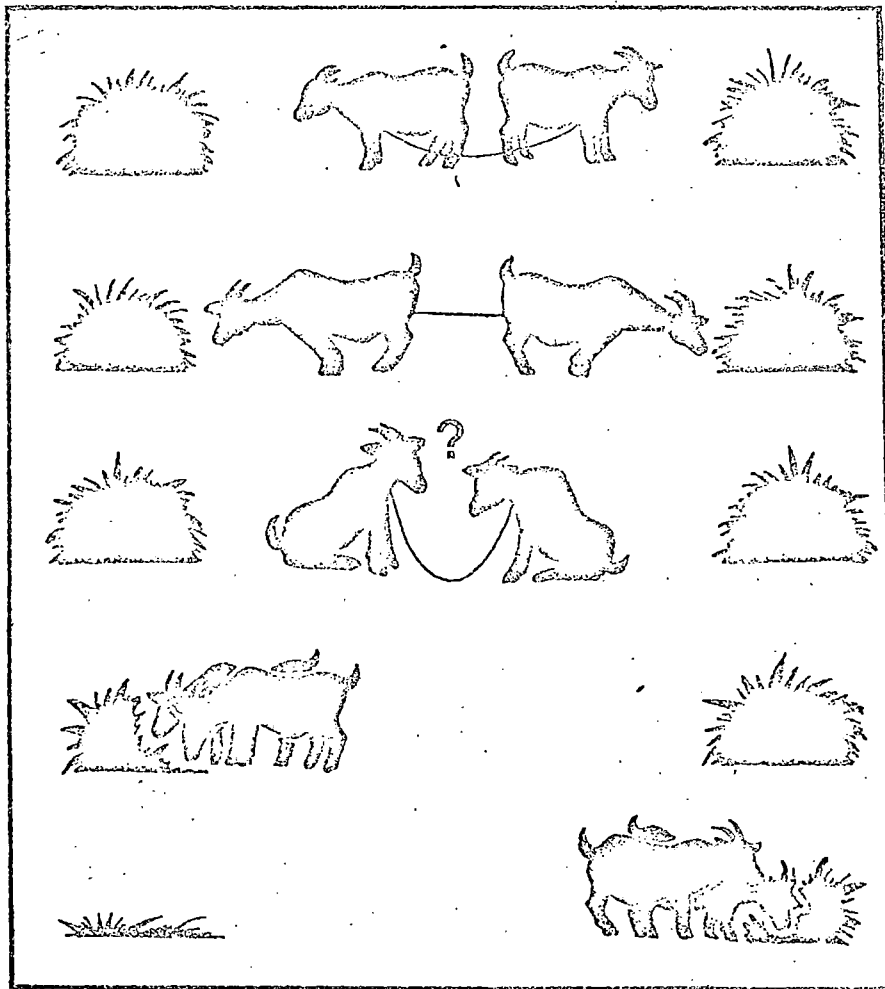


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A CO-OPERATIVE PRIMER



International Co-operative Alliance  
Regional Office for East, Central and Southern Africa  
Box 946, Moshi, Tanzania

RESTRICTED DISTRIBUTION

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## P R E F A C E

This CO-OPERATIVE PRIMER is a result of several resolutions and recommendations made at various forums of the International Co-operative Alliance (ICA). It is also a beginning of a process to introduce co-operative education in the school system. The Primer is still in its rough draft form. It has yet to be field-tested, updated and refined. Once this is done, there will be a body of co-operative knowledge bound together as content that can be infused into existing school curricula in the various countries of Eastern, Central and Southern Africa.

The ICA intends to organise another workshop to develop a teacher's manual that will help teachers pass on the co-operative content to learners using co-operative projects. Thereafter, there will be a series of 'training of trainers' programmes to prepare teachers who will be taking co-operative aspects in the curriculum.

The writing of this Primer was done by Messrs. Michael Kasigwa, Suleman Chambo, Cosmas Musumali, Ruskin Sinombe, Miss. Virginia Molefe and Mrs. Elizabeth Minde, under the direction of Mr. Charles Kabuga. The ICA is deeply grateful to them for the work they have started. Gratitude also goes to Mr. D.O. Arende of Africa Co-operative Savings and Credit Association (ACOSCA), who worked with the ICA Consultant to develop the logistics of the workshop.

The ICA is also grateful to ACOSCA which undertook to meet the costs of secretarial services as well as those of printing the Primer. ACOSCA demonstrated how useful the principle of co-operation among co-operatives can be.

The ICA is extremely grateful to Miss. Grace Gitao of ACOSCA for her fast and accurate typing which made it possible for each workshop participant to carry the first copy of the Primer.

Participants at the ICA Seminar on Andragogy in Jacaranda Hotel, Nairobi who read this Primer will realise that some of the stories were adapted from those they produced at that Seminar. The participants are therefore accordingly acknowledged.

E. M. Anangisye  
REGIONAL DIRECTOR

## INTRODUCTION

The future of any country lies in its youth. It is of crucial importance that such youths are imbued with the values for national development while they are still young because that is when they are most receptive and retentive. This is the time they should learn about co-operatives for several reasons.

In many countries of the region, primary education is terminal for most students. Consequently, these countries are looking for curricula that will turn those who do not go beyond this stage into participative and productive citizens. It makes great sense that co-operation, which is a way of life, and a productive one at that, should find its way into the school system at this early stage.

At a time when tradition and culture still militate against effective participation of women in co-operatives, we shall do very well to develop a generation of youths (men and women) whose minds are liberated to enable them play their rightful roles in the development of co-operatives. This is the most effective grassroot approach of getting women to participate, instead of lamenting about the lack of participation of the present generation of women whose ways of life and outlook are still embedded in culture and tradition.

Among other reasons, people join co-operatives in the hope that they will improve their incomes through increased productivity, better marketing systems or easy access to credit facilities, so that they are able to meet other obligations like the payment of school fees for their children. However, it must be pointed out that for most of our countries, co-operatives were a creature of the state. Consequently, efforts to get members to believe that they own these movements is still an uphill task. It is our strong belief that once the school children develop knowledge and skills about co-operatives, they will educate their parents about many things which parents took for granted before. This will have the useful effect of raising the level of participation of members who will know much more clearly their obligations and responsibilities. In turn, parents will teach their children from life situations and this will positively reinforce what is taught at school.

In order that the aging co-operative leadership gets able and committed replacement, it will be necessary to introduce co-operation in the school system. The only way to provide the much needed "front door" for people who would be interested in making a career in co-operatives is to cultivate and sustain the interest of such people while they are still at school.

Introducing co-operation in schools will involve the training of school teachers not only in the theory and practice of co-operation but also in the role co-operatives play in national development. In this way we shall be spreading pre-member education to an influential group of society. The involvement of such opinion leaders in co-operatives would provide a fertile environment for the development of viable co-operatives.

Today, educationists are very much worried about our education institutions which foster competitive rather than co-operative behaviour. Teaching co-operation in schools, particularly if taught around co-operative projects, will introduce a useful element in our educational system where learning will call for and positively exploit co-operative behaviour for the mutual benefit of all concerned. Co-operatives would also take with them into the schools, the adult education methods and approach which, we believe, cause better learning for children as well.

In view of the above consideration, it became necessary for a body of co-operative knowledge to be put together in this Primer to serve as a basis for introducing co-operative education in schools.

The Primer starts with stories which teach the concept of co-operation. It is intended that in future these stories will form a separate booklet which can be used to teach 'comprehension'.

Traditional forms of co-operation are also dealt with. An attempt has been made to show how these forms of co-operation were governed by well-known customs and how the codification of such customs gave birth to the co-operative principles on which modern forms of co-operation are built.

Modern forms of co-operation are introduced; spelling out what they are, what their objectives are, how they operate, the impact they are expected to have in societies where they operate and their relationship with other business organizations and with government.

The Primer goes further discussing how a co-operative society works, starting with how it is formed, who the members, the committee and the staff are and the roles they play. It also discusses education and the welfare of a co-operative society - showing how the members must not only be educated in co-operative ideals and principles, but also in acquiring skills to help them to carry out their activities efficiently.

Brief histories of the co-operative movement in selected African countries close the Primer. It is, however, intended to have a separate booklet on brief histories of the co-operative movement for all the countries of the region.

CHAPTER 1 - 3 - PRIMARY SCHOOLS



## CHAPTER 1

### TRADITIONAL FORMS OF CO-OPERATIVES

#### SHORT STORIES

#### WHY WILD DOGS HUNT IN GROUPS

Once upon a time, wild dogs used to hunt individually. Their numbers started decreasing as they could hardly catch enough animals for eating. These lone-hunters were also easily killed by lions.

This frightening situation led to the calling of a meeting by an elderly wild-dog. The meeting was called in order to find answers to these problems.

The elderly wild-dog suggested that for the sake of their survival, wild-dogs had to give up their lone-hunting habits and start hunting in groups. However, this idea was opposed by a young wild-dog.

The young wild-dog said that, group hunting would bring about a situation where lazy wild-dogs would just be benefiting from the efforts of others. This would discourage the hard working from putting in much effort in the hunts.

The elderly wild-dog insisted that group hunting was the only way out of the problem. Speaking in a very cool manner, with his nose pointed in the direction of the young wild-dog, he said that the danger against lions could not be overcome so long as the wild dogs remained lone-hunters. Coming to the question of lazy ones benefiting from the efforts of hard workers, he suggested that the group hunting was to restrict itself to encircling the animals so that they were within easy reach of every wild-dog. The animals would not be killed straight away. The wild-dogs would bite off pieces of meat from a moving animal. This would mean that the hard-working wild-dogs would always get larger shares of the animals than the less hard working ones. The old wild-dogs would always get the remains, that is, the head in most cases.

Most of the wild-dogs in the gathering accepted this idea. It was agreed that some trials in group-hunting were to be made.

The first victim of the group-hunting happened to be an antelope, an animal that had never been killed by any single wild-dog before. There was singing and dancing among the wild dogs that day. Plans were made to try and kill a zebra, one of the fastest animals of the forest. This they accomplished after having encircled a zebra in the early morning of the following day. A lion family which wit-

nessed this action became so scared that it spread the news to other lions never to try to kill a wild-dog. The dog hunting had made the wild dogs very dangerous.

With these successes, the number of wild-dogs started to increase as other animals never tried to attack them. The young wild-dog who had doubted the success of group-hunting became a strong believer in group activities. He had learnt, as time went on, that group activity is very necessary in solving many serious problems. Hard workers could still benefit out of group activities just as well as the whole group. An individual works for a group and the group works for each individual.

## GROUP WORK AND CASSAVA SAFETY

For sometime the people of Kisana village had been looking forward to the moment when their cassava crop would mature and be ready for eating. The long drought had led to the failure of the annual harvest of maize and millet crops. The chances of famine were therefore very real.

People anxiously watched the cassava grow. They could not start using cassava crop before it was ready. This was to avoid the wastage that would occur if one was to uproot several young plants in order to get enough cassava for a single meal.

But the expected famine was not the only problem which the villagers had to face. There was a forest nearby which had many wild pigs. These pigs enjoyed eating young cassava plants. The drought caused most of the water ponds in the forest to dry up and also destroyed fruits and other plants which pigs normally ate. The pigs had therefore started to come to the village at night in order to eat the cassava plants. Keeping the pigs away from cassava gardens became necessary.

People of Kasana village planned that each day, after the fall of darkness, each man would leave his home and spend the night in his cassava field. At first, the men found this night activity interesting. They would meet in groups and talk throughout the night. This was because they had no chance of coming together at home.

As time passed by and there were no more new stories and the nights became long, dull, tiring and the men were often very sleepy. One day, one of the men thought of calling a meeting of all the men in the village in order to work out a new plan. When the meeting was eventually held this man told his colleagues:-

"Brothers, we have a common problem. We are all faced with a common enemy, the wild pigs. Our main aim is to protect our cassava crop at night. Why don't we work together instead of each one of us guarding his own plot? I believe that we need not all go to guard the crop every night. Two or three of us can do that while the rest sleep until their turn comes. In that way, we can all have some nights for sleep and be with our families."

## CO-OPERATION BRINGS A HAPPY LIFE

In Utopia, there was an age old belief that no person was independent from others. All activities were done in groups which were organized according to age. Particular known events determined the age groups. For example, those born during a period of drought or those born when the great chief died or when heavy rains destroyed crops would belong to the same age.

Mambo was the chief of Utopia and his people respected him very much. He could order a particular age group to do something and they would obey. Any one who failed to cooperate with the other members of that age group, was isolated by everyone in Utopia.

One day, Mambo ordered his headmen to call all members of the Great Famine Age Group to the chief's meeting place. The headmen carried out the orders and the following day all the Famine Age Group assembled.

Mambo then ordered the Great Famine Age Group to bring to him meat of an elephant and two tusks. Three days were allowed for this work.

The group immediately started off for the difficult journey with arrows, spears, and pangas. A big elephant was found and killed by members of the group. Mkali had first seen and speared the elephant before the others had joined in. This made Mkali very proud.

The elephant was then skinned, the tusks removed and the group organised themselves and carried the meat and the two tusks. By the time the group left for home, the sun was already disappearing and darkness was falling fast.

The Age Group sang happily as they walked home. The noise that the group made was so great that even animals in the forest were scared. They sang as follows:-

"We, the members of the Great Famine Age Group have killed an elephant as ordered by our great chief Mambo".

To the great surprise of all the members of this Great Famine Age Group, Mkali was singing:-

"I myself have killed an elephant".

None of the members of the group was happy with Mkali's behaviour. They considered him selfish and decided to leave him alone with all the meat and the two tusks. Alone in the forest, Mkali could not carry either the meat or the tusks. The rest of the Great Famine Group organised themselves and went into the forest again in search of another elephant.

Before Mkali could decide on what to do, he heard the cries of jackals, hyenas and roarings of lions. He became extremely afraid and all that he could do was to climb up the nearest tree for safety. As if this was not enough, heavy rains came and Mkali was in real danger. While Mkali was on the tree, the jackals and hyenas arrived and ate the meat. The next morning Mkali found out that all the meat and tusks were gone. He therefore had nothing to take home to prove his bravery which he was proud of.

The Great Famine Group managed to kill another elephant the next day. They went home singing as it was their tradition. The group was triumphantly received by Chief Mambo and the villagers as a whole.

Thereafter, all the members of the group who had cooperated lived together happily and helped each other in the spirit of the motto: "ALL FOR EACH, AND EACH FOR ALL".

Mkali arrived home two days later. No one associated with him. This made his life very difficult. It became a lesson to all the people that, cooperation brings a happy life.

## CO-OPERATION BRINGS PEACE TO ZIMBWINI

Zimbwini was a lovely little village just a few kilometres from Kasulu, the district headquarters. The people of Zimbwini were famous for their kindness and love for strangers. But Zimbwini was also famous for its fearful wild animals which were roaming the forest surrounding the village.

From time to time, the people of Zimbwini would be awakened in the middle of the night by either a roaring tiger attacking cattle or a hungry lion looking for something to eat. The beasts that roamed around the village had killed so many cows and goats that everybody in Zimbwini was very worried and wanted to do something to improve the situation.

The situation became worse when one visitor to Zimbwini was attacked and killed by a tiger. This happened at noon while the visitor was helping his host in the garden near the big forest.

The following night, Kwakwa was standing in front of his hut, listening attentively. He heard noises of bleating goats. When he moved a few metres away, he found himself face to face with a fierce lion. Kwakwa held his spear tightly to face the lion but the lion was faster than him. With only one jump on Kwakwa's neck, the lion threw him down. In the morning, the villagers found Kwakwa's dead body lying in a pool of blood half eaten by the lion.

Kwakwa was buried with all the honours of a hero. When the burial was over, the people of Zimbwini gathered themselves around a big pot of local beer and started to discuss what was to be done. The villagers agreed that all able bodied people in the village would do night guard. Plans were made and when the sun disappeared in the west, everybody was in his hut well armed and waiting for a signal.

It did not take long when a very big tiger came roaring angrily and the villagers started surrounding it. As it jumped to attack with its jaws wide open and displaying its long teeth it found itself landing on a spear very well placed by one of the villagers. In no time the tiger was being speared and clubbed mercilessly till it died laying flat on the ground. The villagers started pulling it while singing praising themselves.

Together we have overcome  
Together we have overcome  
Let us remain together  
We shall overcome.

From that day onwards, the collective guarding continued every night and wild beasts were chased far away from Zimbwini.

### SUNGU-SUNGU ACTION

Five years ago the residents of Zambezi village were being attacked by thieves whose origin was not known. At first, the thieves stole cows and goats from kraals during the night. Then they started breaking into houses robbing people of their property and even killing them.

Everyone in the village got scared. Traditional night beer parties, visits to neighbours at night, the traditional colourful night square-dances were all given up. Children who usually liked playing in the moonlight could no longer do so. Even people in distant villages feared to visit their relatives and friends in Zambezi.

The village headman reported the matter to the chief. But he, too, could not help.

One evening there had been heavy rain and nearly everyone in the village had entered their houses earlier than was usual. They feared that the thieves would strike any time. The Hailu family sat around a fire warming themselves. One of the children asked:

"Mama, why don't you allow us to play in the moon-light even when it has not rained?" Mrs. Hailu kept quiet. After a while she answered: "These are bad times. There are thieves who steal cattle, break into houses and even kill people. Haven't you been hearing people shouting for help at night?"

"I have", replied the child. "Does it mean that our neighbours are thieves?" asked the child.

"No!" replied the mother. "There are a few bad men who are causing this problem and we do not know who they are. They may be our neighbours, or they may be strangers."

"But there are thousands of people in this village, why can't they do something.....?"

As the child was saying this, shouts for help were heard from a nearby house. The thieves had come and were trying to break into the house.



The following morning, the father went to the chief and asked him to call a meeting. The chief beat a drum and in less than thirty minutes the whole village had gathered in his large court-yard. Then the chief said:

"We have suffered from thieves for sometime now. One child of Hailu thinks we can do something."

"Yes!" shouted one old man.

"We should form ourselves into Sungu-Sungu regiments to fight the thieves whenever they attack anybody. Like the Sungu-Sungu, the various regiments should keep alert and when an alarm is heard all the regiments should run into that direction and capture the thieves. We know they are only five in their group."

That same day regiments were formed. When night came, the regiments hid in various places all over the village. At about 9.00 p.m. an alarm was heard and as agreed, all the regiments ran in that direction from all corners shouting and yelling. The thieves knew they were now finished. They tried to run in various directions, but could not as the groups of villagers were closing on them from everywhere. At last they just stood together under a huge tree where they were found and beaten very badly. The following morning they were dragged to the chief.

From then onwards life in Zambezi became normal and children could play in the moonlight as before.

#### Notes

1. Sungu-sungu are black ants which move and work in groups.
2. They are organized groups of local guards against cattle rustling in northern Tanzania.

HOW SMALL ANTS CAN BUILD BIG MOUNTAINS

- Son: Mama, mama, do you remember that small mountain we saw in our shamba yesterday?
- Mother: Mountain in the shamba! what do you mean?
- Son: Mama that mountain near where you put the beans to dry?
- Mother: Oooh! I know what you are talking about. That is not called a mountain, it is known as an ant-hill.
- Son: But it looks like a mountain, only that it is not as high as mount Kilimanjaro.
- Mother: Indeed my dear, it looks like a mountain but it is not a mountain. An ant-hill is built by small insects known as ants and a mountain is created by God.
- Son: Mama, did you say small insects? How can they make such a big thing if they are just small?
- Mother: My son, ants are wonderful insects. They are highly organized.
- Son: Mama, you mean those tiny insects can build a mountain? I can't believe that! Why can't God help them?
- Mother: God helped the insects by giving them brains to organize themselves.
- Son: Can ants talk mama? How are they able to organize themselves?
- Mother: Ants are small my son, but have great brains. They carry soil and build the hills they live in.
- Son: They carry soil! Where do they find the soil and can they dig so that they can get soil easily?
- Mother: Ants do not use hoes to dig, but they use their mouths to carry small pieces of soil from any place.
- Son: How big is an ant's mouth?

Mother: The mouth of an ant is not very big. But it is smaller than its body.

Son: If an ant's mouth is small, and it is able to carry only a small piece of soil, how are they able to build that small Kilimanjaro?

Mother: But, I told you that ants are highly organized and are very hard working. They work day and night to build those hills. Ants organize themselves in groups so that when others are carrying soil, others shape the hill.

Son: Mama, don't they get tired at all or don't they sleep?

Mother: When some are tired they rest but others continue.

Son: Are there no lazy ants at all?

Mother: Lazy ants could be there but it is said that when an ant becomes too lazy, others kill it.

Son: Poor ants! What method do they use to discover the lazy ones?

Mother: I am not sure how they come to know. But they kill them and bees also kill lazy bees.

Son: Mama, tell me something more about these intelligent insects.

Mother: Ants can also make a big tree to fall after they eat all the roots. The tree simply dries up and falls down.

Son: Why should the tree dry up?

Mother: Trees, including all plants get good and water through the roots.

Son: I have seen ants in our homes. What do they do in people's houses? I thought they live in those hills they build!

Mother: It is true they normally live in the hills. But when they are searching for more food they sometimes enter houses and feed on all wooden things like doors, chairs, cupboards, etc. They can even make an ant-hill in the house!

Son: Ants must be very clever mama. Where did they learn how to organize themselves?

Mother: It is the nature of those insects. Bees, wasps are other insects which are also organized.

Son: Mama, can't people organize themselves like ants and do wonders?

Mother: My son, you are very clever! When people build huts, dig or harvest, they work like ants. They help one another so that the work is completed quickly.

Son: Mama, but when people build huts, I see them drinking local beer. Isn't that some form of payment? Who pays the ants?

Mother: My son, drinking beer is done by certain tribes only, others prepare food. Whether food, beer or just singing, it is not regarded as payment. It is something to make people relax and eat food.

Son: Thank you mama. I shall talk to my friends about the wonders that can be done by ants and try to convince them that we should also work together to do wonders.

## ACROSS THE LAKE

Muyaye and Muyaga lived in Rwenshama village on the Southern shore of Lake Edward. As far as anybody could remember, the two men had never lived in peace with each other. In fact, they hated one another. If a member of the family of Muyaye befriended a member of the family of Muyaga, both friends would be rejected by their families. Always the two men kept away from each other.

One day, both Muyaye and Muyaga had gone across the lake to Katwe village on the Northern shore of the lake. It was a market day, and each had bought some bags of salt to take home. The sun was setting and both men had not yet found a boat to transport their salt across the lake to their village. At last someone with a very old row-boat offered to help both of them. As it was getting late they agreed to travel together, but apart from each other. Muyaye loaded his salt in the front part of the boat and Muyaga loaded his in the back part.

When they had travelled to the middle of the lake, water started leaking into the back part of the boat. Muyaga tried to draw the water out in order to prevent the water from damaging his salt. As he was doing this, Muyaye was laughing, pleased that Muyaga was having a hard time. "Am I not very lucky that the leak is not on my side?" Muyaye thought to himself. He then shouted to Muyaga, "You suffer!"

Muyaga was very angry. He could have beaten Muyaye if it wasn't for the water which now seemed to be leaking even more into the boat. He pleaded to Muyaye to help him to draw out the water offering even to give him one bag of salt. Muyaye refused saying: "Your business is your own. I don't care!"

A lot of water had by now entered the boat, and the man rowing the boat asked Muyaye to help in drawing out the water. Muyaye still refused. In the meantime the water had moved to Muyaye's side. He was angry that Muyaga had not worked very hard. Just as Muyaye was beginning to see the problem and to assist, the boat was more than half full with the water. As they were about to get to the shore, the boat sank taking with it all the bags of salt. Both Muyaga and Muyaye managed to swim to the shore, but both had lost their salt.

## EVERYBODY COMES: ITIKO NEVER COMES

Along the slopes of mount Kilimanjaro, there lived a tribe known as the Chagga. This tribe lived in grass-thatched huts and liked to drink a local brew known as MBEGE. This brew was very famous among the Chagga.

According to the tradition of this tribe, a boy who had reached the age of fourteen years had to build his own hut. At that age, one was regarded old enough to marry.

Kibo, one of the village boys in Marangu area, wanted to build his hut because he wanted to marry the following harvesting season. He asked for advice from his parents. They were very happy with his idea. He was shown land where he could build a hut and his parents informed him about MRIMO. Mrimo was where one brewed Mbege, and invited the villagers to come and assist in building the hut.

Kibo's mother assisted in preparing the mbege. When all was ready, Kibo and his father invited the villagers to their home. Men and women came except Itiko's family.

Women cut the grass for thatching the hut while men cleared the site, cut poles and other materials required for the work. Work started very early in the morning. By the afternoon the Mrimo group rested. They drank mbege and ate bananas. This continued for the next three days until the hut was completed.

Itiko and his wife never participated. While resting, the villagers would discuss why Itiko behaved that way. Many were unhappy about his behaviour. They wondered what sort of a person he was.

The following season appeared to be very good. At the beginning there was enough rain. However, the situation changed suddenly, it rained very heavily. Some huts which were not strong were washed away. The villagers were worried.

Those whose huts were washed away stayed with their relatives and friends. Unfortunately, Itiko's hut had also been washed away. No one was willing to stay with him. He was saved by his uncle's hut which was in the village. If his uncle did not have a hut which he was not using, Itiko would have had no place to stay. This was because Itiko never visited or assisted anyone in the village.

After a few weeks, the rains stopped and the villagers started MRIMO. They brew mbege, and moved from one household to another building huts for those who needed such help. Itiko never took part in the MRIMO. He thought that he would be able to build his own hut alone.

Several months passed. Itiko could not complete his hut. In the meantime, his uncle was getting impatient and wanted Itiko's family out of his hut. Itiko was very ashamed.

When the harvest season came, all the villagers except Itiko were settled in their huts and were preparing themselves for a big feast. Songs, food and plays were prepared. One of the songs which became very popular was centered on Itiko's behaviour:-

- 1) Time for MRIMO x 2  
Everybody come,  
Time for MRIMO x 2
- 2) Nice MBEGE made x 2  
Everybody come  
Time for MRIMO x 2
- 3) Where is Itiko gone x 2  
Everybody come  
Time for MRIMO x 2
- 4) Itiko never come x 2  
Everybody come  
Time for MRIMO x 3

The song was sang by children and grown-ups everytime they were celebrating or taking part in any MRIMO. This made Itiko feel so uncomfortable that he could no longer live in the village. Since then if one fails to take part in MRIMO one is named Itiko who never was able to build a hut alone. It has remained a tradition of the Chagga people that one must co-operate with the others.

## CO-OPERATION WIPES STARVATION

Long time ago, nature provided all the food man wanted. Hardly any agriculture was carried out. People ate fruits, roots, roast meat, honey and many other foods by simply going to where such things were available.

In one of the villages, there was plenty of such food and everyone was living a happy and healthy life. Nature had indeed favoured them. Unfortunately, in that village, most of the people were either cripples or blind. They very much depended on the kindness of their friends who could walk and who could see. As long as the food was abundant there were no problems. The able-bodied continued to take good care of the less fortunate ones.

One unfortunate thing happened in this village. The climate changed, food which was readily available became somehow scarce. Many times the villagers had to move to more distant places to get the food. Naturally, because they had to strain themselves to get the food, they became less willing to share it with the crippled as well as those who were blind. Many times the blind could attempt to follow those who could see so that they also get some food. However, in cases of threats from bad people and animals, these blind people lost whatever food they might have gathered. The crippled ones merely prayed that mother nature would return the period of plenty. In the meantime, they and the blind people were getting thinner and thinner.

Mother nature did not wish to answer their prayers. Nature thought that since their brains were working, they should use them to find a way to get food without begging.

One starving cripple brought a suggestion which he thought would save both the crippled and the blind people. He pointed out that what mother nature was asking them to do was to co-operate. "How?" one blindman asked. Haven't we been co-operating with the able bodied and they let us down?"

"Our co-operation will have to be different", the cripple went on. "Those who wish to co-operate must freely come. They may wish to pull out if they think what we intend to do is not useful to them. Each one of us will have to contribute something. What we get we shall share equitably," the cripple continued.

"Tell us how we are going to get food instead of the lecture" another starving cripple interjected. The cripple told them that since the crippled could see, their sight could be used to locate the food, sense and dodge any enemy. But they could only go fast enough, if each blindman agreed to carry a cripple to where food was plentiful. They all clapped, paired immediately and set out to look for food. Since this co-operation, they have never starved again.



## CO-OPERATION IMPROVES HEALTH

In a far away country, there was water that could cure practically all the diseases. This water came from a well of one man who became so rich as soon as people discovered the usefulness of the water. However, to get cured you needed the water to bathe, to cook and to drink. Much of the ordinary water was reduced to something for cleaning things only.

While on his business journeys, one businessman got to know of this water. He bought a sample and brought it to his village. He tried it out on his own afflicted people and it worked miracles. Then he went again and again buying this water for which now the villagers were paying very dearly. The businessman became richer and richer because of the water.

The well-owner put up prices. No individual person however rich could afford to buy a drum of the water. This rich man still knew he could make it by borrowing money. And because of the cash discount he always got, he continued to get as much profit out of the water. At one time it was so highly priced that villagers thought they should stop paying for it.

One villager who was not very rich but certainly widely travelled had been to the well-owner's home. He had been told that he could buy the water if he had the money. As an individual he knew he could not. But he thought that if every member in his village contributed some money, they would be able to raise enough to buy the water for distribution to the needy villagers almost at cost price. And that would be a lot of saving for the villagers.

He explained the idea to them. They were willing and quickly appointed a committee to manage the money collected and to ensure that water was made available to members of the village who had contributed. Members would buy it at a much reduced price in order to raise money to buy more of it and to pay those involved in its delivery. As a matter of fact even at that reduced price, the village was able to make a profit and to invest some of the money in schools, roads and other amenities.

Co-operation had saved the villagers from continued exploitation of one person. As an individual the businessman could not compare with the power of a people working together. He had to look for some other business but always begged to buy water from the villagers. Co-operatively, they lived happily thereafter.

## IMPROVING PEOPLE'S INCOME BY CO-OPERATION

Kazembe is a very large village on Mofwe river. The residents of the village spend most of their time catching fish in the river and growing a variety of green vegetables. They catch more fish and grow more vegetables than they can consume.

For some years there was one trader, Mr. Dukawallah, who used to go to the village with a lorry once a week, taking clothes and salt for sale to the villagers and buying fish and cabbages from them.

One day, the headmaster of the school in Kazembe called parents to the School's Open Day. He told the parents that in order to enable the school build houses for teachers, each parent would be required to pay 200 zembes to a building fund for the next four years.

Besides, each child would have to wear uniform as most of the children had none.

"Where shall we get the money?" shouted some angry parents.

"From selling your fish and cabbages" replied the headmaster.

"But they rot in our houses, and when Dukawallah buys them, he pays only a little money" they shouted again.

"Hah-ha-ha!" laughed the headmaster, "I have always told you that Dukawallah underpays you. He gives you 5 zembe for a fish. When I take a catch to Copperville, I sell each fish at 25 zembes each."

"Eeeee!" they wondered aloud.

"Yes I do" he replied. "What we need is to come together and collect some money from each one of us and buy a pick-up which can transport our fish and vegetables to Copperville where we can sell them at good prices."

By the following week, most villagers in Kazembe had contributed up to 50,000 zembes which was enough to buy a 1.5 ton pick-up.

During the following year, the villagers were not only able to pay all the school fees for their children but they also began to build large houses with iron roofs. They clothed their children nicely and now almost every house in Kazembe owns a bicycle and a radio. The people of Kazembe had realised that co-operation can help to improve the quality of life.

## THE MOMENT OF TRUTH

Mzee Fundisha was a very clever man. He lived a comfortable life in Kamurebe although he never owned a single garden. He became rich through buying and selling things such as sugar, salt, and beads which people in the village could not get easily. Many times, he accepted cash for payment. But for those who did not have cash, Mzee Fundisha allowed them to exchange their maize, millet, sorghum, peas, beans etc., for the things he had to sell. Mzee Fundisha would then store this produce in granaries. During the time of plenty, he would even use part of his house for a storage.

Kamurebe was a village which experienced severe drought at times. However, drought or no drought, Mzee Fundisha's granaries were never empty. It was Mzee Fundisha who many times saved the village from starvation. This was always at a great cost to the villagers. Those villagers who did not have cash to pay for the produce, promised to repay whatever they had been given three times over. Those who failed to repay almost became Mzee Fundisha's slaves. He would use them to carry, free of charge, produce from areas of plenty to the areas where there was no food. Such places were very far away. Fundisha became richer and richer from selling produce. Yet he owned no garden.

As the years went past, he did not have to leave home to look for produce. His money did it for him. He selected some young people from the village to do the whole business for him. He only paid them some money and they were very happy and grateful. In return, they worked even harder making Fundisha even richer. It looked as though the whole of Kamurebe belonged to him.

Since he was a very clever man, Mzee Fundisha became aware that not all the villagers were happy with him. He thought of a way to please the villagers so that even the few who were not happy would become happy. Thereafter, he began making two big parties a year for the villagers. He would eat and drink with them. There would also be speeches and dancing. Many villagers looked forward to these parties. That was when some of them would taste meat or beer.

Mzee Fundisha did not make these parties because of his love for the villagers. He made them in order to make people drunk. Then they would be free to talk and he would then know whether they liked him or not. After free meals and free drinks, many people sang praises to Fundisha. There were also those who saw him as an evil man. After

getting drunk, they freely said he was bad. Three men who had courage to say so were dismissed as drunkards who should never be invited again. "After all, Mzee Fundisha is spending his money to bring us together and make us happy" a voice shouted.

Weeks after the party, a group of elders in the village called the three young men to explain their bad behaviour at the party. Twange, one of the three, was asked to speak on behalf of the others.

"We were thrown out of the party because we were overheard calling Mzee Fundisha a devil, is he not?" Twange started. "Prove it, you fool," one voice shouted from the crowd. "As you know," Twange continued, "Mzee Fundisha does not have a single garden in this village. Yet his granaries are bursting with grain. Is this not the food from our gardens?" Twange asked. "Were we not eating and drinking our sweat?" Twange continued with the crowd being attentive now. "Should our people travel long distances to get more food from granaries of the devil who has turned us into slaves? Were we not drinking and eating our sweat?" Twange asked again. "We are happy to have been overheard. We are also happy that the elders have called us. We want to tell you that unless we unite, we shall be the slaves of Fundisha for ever. The gardens are ours. The food is ours. We suffer producing it. We also suffer when we want to consume it. Shouldn't we unite against Fundisha?" Twange explained to a now attentive audience. The moment of truth had come.

There was a general agreement from the gathering. The villagers formed an Agricultural Marketing Co-operative Society. It was given the responsibility of collecting the agricultural produce, storing it and selling it at prices agreed upon by members whenever the need arose. From then onwards, Kamurebe belonged to the villagers who swore to work together and never again to be cheated by a single individual.

## TRADITIONAL FORMS OF CO-OPERATION

Traditional life was based on working in groups. It helped our ancestors to solve many problems. They co-operated in activities such as hunting, agriculture, grazing and building of huts.

### Co-operation In Hunting

One of the original activities of our ancestors was hunting. Hunting provided with meat for food and skins for clothing. Hunting activity involved people going into the bush, trying to find animals, killing them and taking them home for food. Hunting wild animals in the bush made the activity dangerous. That is probably why it was done only by men.

The hunting tools used were very simple such as stones, clubs, arrows, and spears. These tools could only be useful if the animal was attacked from a short distance. Because of the dangers which could occur when an animal was attacked or even threatened, it necessitated group action. This was to make sure that if one person was attacked by the animal, the other people in the group would join in to kill it.

These simple tools could not kill an animal immediately. The animal had to be speared or hit several times before it could die. Many times the wounded animal would walk a considerable distance before dying. This meant that the animal had to be followed. Following such an animal could only be effectively done in groups. Cooperation therefore became a necessary part of this hunting activity.

Most of the traditional methods of hunting in themselves needed group or cooperative action. For example, the use of nets and fire to scare animals were some of the techniques used for smaller animals. The aim was to direct the animals into areas where they could easily be caught. Without cooperation, hunting by nets and fire could not achieve anything.

Hunting could however, not be complete if the meat never reached the homes. A good number of animals which were hunted were too big to be carried by a single person. This meant that transportation became an important part of hunting and it had to be done through cooperative action.

## CO-OPERATION IN AGRICULTURE

Agriculture has always been the source of our lives. Long ago our ancestors lived by eating roots, grains, vegetables and fruits which they used to collect from the bush and forests. Often they had to travel long distances to collect enough food. This meant that they could not choose what to eat. They depended very much on what could be found. If one did not find food, the family would starve.

The long distances were tiresome and dangerous. Some people were hurt or killed by wild animals while looking for food.

Children could not be left at home since parents were not sure when or whether they would return. Families therefore moved together all the time. No one wished to go to the jungles alone. This enabled them to keep each other company and to stand together in times of trouble. They would also help each other in collecting and carrying the food to wherever they stayed. In this way our ancestors had to work in groups.

While searching for food in the bushes, people found certain plants which they could grow by themselves near their homesteads. This is how agriculture - the planting, caring for and harvesting of crops - started. At first, the aim of our ancestors was to produce enough food to eat and to store until the next crop yield. Later, they found out that they did not need only food. They also needed other things such as hoes, clothes, pots and meat. Those who grew food crops obtained these other things by exchanging with their food products. It therefore became necessary for each family to grow more food crops than they needed for their own home use. This required cultivating larger pieces of land. Clearing and cultivating land was very difficult. No single family could do it alone.

Planting had also to be done at certain times in order to be in time for the expected rains. This required group work also.

Even if a large piece of land had been prepared and planted, harvesting had to be done quickly in order to prevent crop yields from being spoiled by weather. Furthermore, crops had to be guarded against being eaten or damaged by wild animals. They had to be threshed and stored. All this needed co-operative action.

Let us see how and why these things were done co-operatively using Masiko's family as an example.

### Land Clearing

Job Masiko's family consisted of himself, his wife Bin Swaibu, two old uncles, two very old aunts and six children, four boys and two girls. All the children were less than fifteen years old. In order to have enough millet for the whole year, Masiko's family needed five bags of millet. To produce this millet, the family needed to cultivate two acres of land. The land was covered with thick bush and many trees. Only Masiko and his eldest son could slash the bush and cut the trees. It therefore took them long to clear the bush and to prepare the two acres in which they were going to grow the millet. The rains were about to start.

Masiko needed to look for help from outside his family if he was to be in time for the rains. His oldest son was very weak and could not help him much. The uncles and aunts were old and sick. They could not help him. Traditionally, clearing the bush was a man's job. Masiko's wife could not help. If she did, the whole village would laugh at Masiko for being an incapable husband. His wife, too would be laughed at for doing a man's job.

In order to clear the bush, Masiko had to call upon other men in his village to help him. They brought slashers, axes and pangas. While they worked, Masiko's wife prepared meals for them. In two days, the two acres would be cleared of grass and trees.

Nearly all the families in the village were like Masiko's family. They too needed help from neighbours to clear the bush so that they, too, might prepare millet gardens in time for sowing. With his garden ready for digging, Masiko helped his neighbours to clear grass and trees. In a few weeks all the neighbours would have their plots ready for digging.

If each one had done the bush clearing on his own, none of the families in the village would have planted in time for the rains.

### Digging

In cases where small plots would be enough, or where crops such as sweet potatoes, cassava and bananas could be planted at any time, individual families could undertake to prepare land without seeking the cooperation of their neighbours. In cases where large plots had to be cultivated, or where planting or sowing had certain time limits dictated by the seasons, co-operative digging of plots had to be undertaken.

Since Masiko had to cultivate two acres which were too big for his family to prepare alone before the rains came, he therefore had to co-operate with his neighbours. Working this way made it possible to prepare all the gardens in the village in a shorter time.

### Sowing

For most grain and cereal crops, sowing or planting had to be done in one day. This was done so that the seeds might germinate and ripen at the same time. To be able to plant the entire garden in one or two days, a family had to request neighbours for help. In turn that family would go to the neighbours when requested to do so.

### Harvesting

Harvesting is perhaps the most critical stage of agriculture. It is at this stage that sees the fruits of one's sweat. Masiko had been working to this stage very eagerly for several months. The reserves may already have been finished, or just a little could be remaining. As the crops ripen man's enemies - animals, birds, insects want to help themselves. Harvesting has therefore got to be done in a hurry. To be able to do so, Masiko has once again to rely on friends and neighbours. On their own, Masiko's family would have taken two months to harvest the two-acres. By then much of the millet would have been damaged by birds and animals or by dropping to the ground and germinating again. With the help of neighbours Masiko's family was able to harvest the millet in one week only.

### Threshing

Masiko's millet field yielded three huge heaps of millet. In order to store it well he had to thresh and winnow it. To thresh one heap alone Masiko's family would have taken several days. However, when he invited his neighbours the threshing and winnowing was done in one day. While men and children threshed the millet, the women winnowed it. They repeated this for each of their neighbours homes.

### Protection against famine

Sometimes, it would happen that people in one area harvested more crops because they had good rainfall. Certain crops also grew



very well in some areas and not in others. Our ancestors found it proper to co-operate in using these harvests. Those who had a good harvest would give some of their produce to those people whose crops had not done very well. It was a usual practice to exchange certain food items. For example, people in a maize growing area might exchange their maize for millet from the millet growing areas. In this way they added variety to their meals. This method of mutual self-help guarded them against famine.

## CO-OPERATION IN GRAZING

Many years ago, our ancestors used to eat roots and fruits collected from the bush.

As they developed agriculture, they tended to settle more permanently in one place. Although agriculture brought in more food crops, our ancestors still depended on hunting for meat and clothing. Occasionally, they caught some animals alive and took them home. This is how domestication of some animals started.

As time went on, the domesticated animals became many. This reduced the need for continuous hunting. The families could now work in the fields.

However, the more these domesticated animals increased in numbers, the more they created a need for grazing grounds far from the homesteads. The land near the homesteads was usually left for agriculture.

Grazing animals in distant places, opened them to attacks by wild animals. To keep them safe from attacks, people had to work together. Working together was also necessary when it came to searching for water for these animals or tracking them when they got lost.

This co-operation in grazing took different forms in different communities. One of these was pooling together private herds. The herds would then be grazed in rotation. Each individual took a turn in taking the herds for grazing. This gave time to those who were not on duty to do other things.

## CO-OPERATION FOR SATISFACTION OF SOCIAL NEEDS

### Festivals

Traditional festivals required co-operative action. For example, weddings were not a matter of a single family. Wedding parties needed a lot of food and drinks. Time was needed to make all the preparations. Gifts were also necessary to help the young couple start a new life.

All this could not be done by a single family. By contributing food, drinks, gifts and participating in the preparations, other people made the work of the families of a couple much easier. People co-operated willingly because they expected similar co-operation when it came to one of their members getting married. Annual celebrations like initiation, harvests and many others needed people to co-operate so as to make them successful.

### Burials

Burials also called for co-operative action. People in the same area usually joined together when one of them died. Such neighbours would be joined by other friends and relatives living afar. Plenty of food and beer would be made available and this was usually contributed and prepared by those who had come to comfort the family of the dead.

According to many African traditions, when death occurs in a community, many activities such as farmwork are suspended. The immediate family takes even a longer time before it can start work. However, if a person died during the time of cultivating, planting or harvesting, those who had come to the funeral would make sure that they cultivate, plant or harvest for the mourning family. This was all done to make sure that those left behind did not suffer from famine. Since death comes to every family, people learnt how to co-operate in order to lessen the problems which come with death.

CHAPTER 2  
INTRODUCTION TO MODERN CO-OPERATION

We have seen that traditional co-operation came as a result of people fighting for survival against nature. People had to co-operate in order to solve problems caused by the physical environment such as wild animals and drought. The idea of co-operation is therefore, not new. It has been practised for a long time.

However, the development in science and technology reduced the problems caused by nature. Man has more control over nature than before. While these problems were being reduced, man found himself coming into problems with other men. These problems arose because of social and economic inequality and injustice. Whether caused by nature or by man, most solutions to these problems lie in co-operative action.

The differences between traditional and modern forms of co-operatives are as follows:-

- Traditional co-operatives were mainly formed as an answer to natural or environmental problems while modern co-operatives are formed primarily as an answer to exploitation and as collective action to solve particular social problems.
- Traditional co-operation was a way of life. Modern co-operation is formed consciously and follows a given set of written principles and guidelines.

A modern co-operative society therefore can be defined as an association of individuals who voluntarily bring together resources such as money, land, machines, and labour in order to solve their social and economic problems.

The requirements for a co-operative society are:-

- it must be formed after a felt need;
- it should be a free organization where people may join or leave whenever they want, and
- all decisions to run it are made democratically.

As economic and social organizations, co-operatives can be formed for various activities. The field of economic activity can either be found in rural or urban areas.

Some of the activities for which co-operatives can be formed in the rural areas are:-

- Marketing
- Fishing
- Savings and Credit
- Handicrafts
- Agricultural production
- Small-scale industries or
- A combination of many activities in one society (multipurpose).

Those in urban areas are mainly formed in the following activities:-

- Consumer
- Small-scale industry
- Housing
- Multi-purpose
- Transport
- Savings and Credit
- Federations or unions (servicing other co-operative societies).

## AGRICULTURAL MARKETING CO-OPERATIVES

### Introduction

Agricultural marketing co-operatives help farmers to sell their agricultural produce at reasonable prices. Let us take an example of a small-scale coffee farmer. This farmer produces only two bags of coffee every season. He can either sell the coffee to a private buyer in his village, or take the coffee to a factory far away. If he sells to a private buyer he may be cheated. If, he decides to take the coffee to the factory, he would have to carry it there and spend much money on transport.

Some products do not even have private buyers. Without a co-operative society nearby, the farmer would have to find buyers wherever they may be or never sell the products at all. Marketing co-operatives help farmers to overcome these problems.

### How do marketing co-operatives operate

The farmers become members of the society after paying some money to enable the society to run the business. With this money the society is able to build or rent a store and buy some equipment such as a weighing scale, a cash box, a safe, a table and books to keep records.

The members elect a few leaders to manage their society. If the society is big, the leaders may appoint someone to work full-time in the society. If it is small, both the leaders and the other members may be asked to do some work in the society without getting any salary.

When a farmer takes his crop to the society's store, the crop is then graded and weighed. The farmer is then paid for what he has delivered to the society.

In some cases, the farmer may not receive payment immediately after he has delivered his produce. In that case, the farmer is given a receipt which he keeps carefully and, later, brings back to the society when demanding payment.

In addition to selling produce to the society, the farmer can buy the things he needs for farming, such as hoes, axes, seeds, fertilizers, spray pumps, and spray chemicals. The society may also be owning a tractor which he can hire to plough his fields. If he

does not have enough money, he may get these facilities on credit, and pay when he delivers his produce to the society.

The farmer can also deposit money with the society. In case of need, he can also borrow money from the society.

Being a member of such a society has other benefits. The society can arrange training courses for the farmers in methods of better farming and better living. The society can also arrange entertainment such as dances and film shows for its members and the general public.

## FISHING CO-OPERATIVES

### What are fishing co-operatives?

Fishing co-operatives are organizations set up by fishermen in order to help themselves. This is the reason why they are sometimes called Fishermen's Co-operatives. There are therefore found in places near rivers, lakes and oceans.

### Why are fishing co-operatives necessary?

Fishermen face many problems. They have to raise enough money to buy boats, nets and other fishing equipment. They need storage and processing facilities, as well as transport to take their fish to far distant villages or towns. Apart from all these problems, the job of a fisherman is quite dangerous. They have to face bad weather and animals such as crocodiles, hippos and others.

Fishing co-operatives therefore become necessary since they aim at solving some of these problems. The co-operative try to help fishermen to increase the number of fish caught, to increase sales and to offer insurances for the lives of the fishermen and their equipment.

### What types of activities are carried out by the fishing co-operatives in order to solve the problems of fishermen?

There are different kinds of activities carried out by fishing co-operatives in trying to solve the problems of the fishermen. Some examples of these activities are:-

- They provide loans and saving facilities to the fishermen. This helps the fishermen to buy fishing equipment and if possible, to make savings.
- They own fishing equipment such as boats and nets that can be hired by fishermen who are unable to buy their own.
- They provide fish storage facilities.
- Processing facilities such as for salting, smoking, canning of the fish can also be provided.
- They buy the fish from the fishermen.



- They provide transport to the fishermen.
- Fishermen and their equipment can also be insured.

What are the advantages of fishing co-operatives?

For the individual fisherman, the fishing co-operative reduces the effects of the dangers involved in fishing. Furthermore, by helping the fisherman to increase his catch and by selling the fish, his income is increased.

Fishing co-operatives also play an important part in the development of the country. They help in the distribution of fish which is one of the main source of protein. By making the fisherman self-employed and by appointing staff to run the affairs of the co-operative, jobs are created.

## HANDICRAFT CO-OPERATIVES

Handicraft societies are associations of people who come together to carry out handicraft activities such as wood-carving, pottery, and weaving. The functions of the society here is to help people with skills to produce more and to find markets.

Handicraft societies aim at getting better prices for their members. They can also supply materials which the members need but cannot get on their own. Further, the quality of members' products can be improved because the handicraft co-operative can train members in better production methods. In this way, members can easily sell what they produce and have a steady income.

### How do handicrafts co-operative societies operate?

Like in other co-operatives, the members elect a committee which looks after the affairs of the society.

The members of a handicraft co-operative society may work at home and only bring their handicrafts to the society for sale. They could also build a workshop and work from the same place. The handicrafts may be delivered to the people who want to buy them and any money paid by the buyers is recorded, banked and eventually paid to the members.

### What are their advantages?

The aim of a handicraft co-operative society, like that of a marketing society, is to sell members' goods directly to the people who use them. Private traders usually wish to pay lower prices to the producers so that they can make a profit by selling them at higher prices to the users. By selling directly to the users, the handicraft co-operative society would make profits which can be used to buy equipment for members' use.

## GROUP FARMING CO-OPERATIVES

Group farming co-operatives are those co-operatives where members come together and produce crops as a group. They do this on a piece of land which they own together. Members of such co-operatives participate in the work of the society and also decide on what to do as a group. When their crops are sold, the profits belong to the members.

### Why are group farming co-operatives necessary?

One of the reasons why group farming co-operatives are formed is for members to own common land and increase their production through collective farming. Besides doing group farming, members usually have individual gardens from which they produce food for their domestic needs.

Group farming co-operatives make it easier for the government to assist members by providing them with services like, loans, training and advice on modern methods of farming.

Some group farming co-operatives may be organized because of government decisions. For example, some countries have resettlement areas. These resettlement areas are usually planned and supplied with the necessary farm equipment.

Another reason for group farming co-operatives is that machinery can easily be made available and used. This makes it possible for more work to be done quickly.

### How do group farming co-operatives operate?

Group farming co-operatives differ from one another, but some of the work they do is similar. Some group farming co-operatives involve members producing crops using one common field together. Everything owned by the co-operative is owned by all of them. The co-operative therefore gives the necessary things, like fertilisers and farm inputs, for members to produce crops together. After selling the crops, the money belongs to all the members and they can decide on what to do with it.

Other group farming co-operatives, have members who own small plots of land. Each of the members has a separate plot. The

co-operative society just helps each member with services such as advice and farm inputs. The society also buys what they produce. When a member sells his produce, he is paid according to what he has sold and he decides on how to use his money.

What are the advantages of group farming co-operatives?

Group farming co-operatives help to bring small-scale farmers together, to produce more as a group. Secondly, these farmers can learn better methods of farming through training given by the society or the government. Thirdly, group farming co-operatives can easily get loans and farm inputs and equipment much more easily than an individual producer would.

## SAVINGS AND CREDIT CO-OPERATIVES

### What are they?

Savings and credit societies are organizations formed to provide members with facilities for savings, and an opportunity to get loans at reasonable rates of interest. They can be formed in rural and urban areas. In the rural areas, these societies enable their members to save money earned from the sales of their produce and from occupations. In the urban areas, the savings are on a more regular basis as most of the members are salary earners.

### Why are savings and credit societies necessary?

Savings and credit societies provide members with facilities for saving. Such savings create a source of credit from which members can borrow. Members can get loans from their society more easily than they would from other financial institutions.

### How do they operate?

The membership of a savings and credit society may be restricted to an area or place of work. These societies operate like banks. A member deposits money with the society and is given a passbook where his deposits and withdrawals are recorded.

Members can save any amount in the society and this money would earn them interest.

In order to get a loan, a member must apply to his society. The amount, purpose and the way of repaying must be stated in the application.

### What are the advantages of savings and credit societies?

These societies help members to save small amounts of money. As time goes on, such small amounts increase and could be useful in solving future problems.

Secondly, savings and credit societies stimulate the habit of saving regularly among the members.

Thirdly, savings and credit societies create banking facilities in the rural areas where such services are usually not available.

## INDUSTRIAL CO-OPERATIVES

Industrial co-operatives are organizations formed by people who bring together money, materials and machines to manufacture industrial items such as soap, tables, clothes, knives and axes both for their needs and for sale.

People who form such industrial co-operatives are members as well as workers at the same time.

### How do industrial co-operatives operate?

Members of an industrial co-operative have to find a place in which they can work. This may be in a building which they own or rent.

The workers, who are also members, divide themselves into specialized working sections. For example, one section might deal with getting the raw materials and other items needed at the unit while another section deals with the processing of the raw materials and producing the required items. One section might deal with the selling and distribution while another would supervise the use of money.

In areas where members do not have some of the necessary skills and knowledge, the cooperative society can employ someone who may not be a member of the society.

Members are usually paid wages and at the end of the year, they share the profit.

### Why are industrial co-operatives necessary?

Many developing countries are facing many economic problems. The shortage of consumer goods, of farm implements and of employment opportunities is faced by almost each of these countries. One of the answers to these problems has been found through the formation of industrial co-operatives.

Industrial co-operatives are therefore necessary for many reasons. The following are some of the reasons:-

By forming such co-operatives people who already have certain skills which are not being used because nobody is willing to hire them create employment for themselves.

Individual artisans working alone may also find that they cannot make profits. By forming an industrial co-operative society, they are helped to overcome problems which individual artisans would not solve on their own.

Furthermore, artisans form industrial co-operatives in order to improve their production skills. Working as a group makes it possible for them to improve their skills by learning from one another.

Small-scale industrial co-operatives make use of available local materials such as forest products, minerals and animal by-products which would otherwise be wasted. In addition, some of the products of small-scale industrial co-operatives such as agricultural tools and fertilizers can be used to increase agricultural production.

Another reason why these co-operatives are necessary is that if they process agricultural products, they would add more value to those products thus enabling them fetch higher prices.

## CONSUMER CO-OPERATIVES

A consumer co-operative society is formed by people who want to solve their problems of obtaining consumer goods, like soap, beans, cabbages and bananas more easily and at reasonable prices. Consumers are people who buy such goods for their own use.

### Why are consumer co-operatives necessary?

Consumer co-operatives are necessary because of the following reasons:-

Firstly, people need to get consumer goods, but because private traders want to get profits, they may keep away such goods from consumers in order to charge higher prices later. A consumer co-operative society makes such goods available to its members at reasonable prices avoiding unnecessary high prices charged by private traders.

Secondly, consumer co-operatives ensure that they do not sell adulterated goods to their members.

Thirdly, they bring consumer goods nearer to their members. Where possible, consumer co-operatives can establish their own industries to supply some goods to the members.

### How do consumer co-operatives operate?

Members who form such societies contribute money. This money is then used to secure a building to be used as a shop. Money is also needed for purchasing the goods which would later be sold to the members.

In order to manage the society well, the members elect a committee to look after the day-to-day activities of the shop. When the society has enough money, it can employ people to do the purchasing and the selling of the consumer goods. Where the society has no money, some members may be asked to volunteer.

At the end of the year, members of the society share part of the profit according to how much each member bought from the shop and according to their individual contribution to the share capital of the co-operative society.



Members discuss and make major decisions on how their co-operative society should be run at an annual general meeting. At such a meeting they may decide on the type of goods which should be stocked. They may also decide on how the profits, if any, should be used. They also discuss financial reports and elect committee members.

## HOUSING CO-OPERATIVES

### 1. What are housing co-operatives?

These are types of co-operatives whose main business is the building, buying, renting, selling or maintenance of houses. Some housing co-operatives are formed by people with bricklaying and carpentry skills in order to build houses for sale to anyone. Others are formed so that houses can be built or bought for members on a self-help basis.

### 2. Why are housing co-operatives necessary?

The rapid growth of towns brought about the migration of people from rural into urban areas. This created a shortage of houses in the towns and also led to the growth of shanty compounds. The main aims of housing co-operatives are therefore to reduce the shortage of houses and to improve the housing conditions in the urban areas.

### 3. What types of services do the housing co-operatives offer?

The co-operatives which build houses for sale to non-members can also purchase, manufacture, process or provide materials for the construction of buildings for customers. Housing Co-operative Societies which serve members only, can build, buy or rent houses for sale or rent to members. They can also provide loans to members. Such loans can then be used to buy materials needed for building a house.

Other services such as advice on the problems of planning and building a house, maintenance and insurance of a house can also be provided. Larger housing co-operatives could even establish a nursery school, a recreation or a health center for its members.

### 4. What are the advantages of housing co-operatives?

Apart from reducing the shortage and improving the housing conditions, housing co-operatives also provide employment in the urban areas. This is very important especially for the youth who come out of trade institutes or colleges with bricklaying, carpentry, plumbing and many other skills but just find no readily available employment. These people could come together and form a housing co-operative.

By forming a housing co-operative society, members stand better chances of getting plots of land for building. It is usually difficult for a person on his own to get a plot for building. The other advantage of housing co-operatives is that they can get funds required for building purposes by borrowing from banks, building societies and insurance companies which prefer to lend money to organizations rather than to individuals. The co-operatives would then lend this money to their members.

## TRANSPORT CO-OPERATIVES

### What are they?

Transport co-operative societies are organizations formed to solve transport problems. We can therefore have societies carrying out road, water or even air transport activities.

### Why are they necessary?

In places with limited public transport such as buses and taxis, people who do not have vehicles of their own may find it difficult to travel from one place to another. These people can come together and form a co-operative society. Once formed, the society raises money to buy or hire vehicles for use by the members at reasonable charges.

Traders in a town may not have transport for their goods. The cost of purchasing a lorry might be very high for a single trader - who might not even be having enough goods to transport at all the times. However, if the traders in the town could come together and form a transport co-operative, they could be in a better situation to purchase a lorry and have enough goods for the lorry to transport at all times.

A transport co-operative society could also be necessary for people who own their own vehicles. Such a society could bring together all the vehicles of the members and then operate them co-operatively. The society could also restrict itself to providing facilities for maintenance, giving advice and skills needed by the members. Each member would then be free to operate his own vehicle.

## MULTI-PURPOSE CO-OPERATIVES

### What are they?

Whenever a society carries out more than one activity, it is a multi-purpose co-operative society. The main reason why a society may increase its activities is because of the increased needs of members. For example, members of an agricultural marketing co-operative society may be having a problem of getting farm inputs in time. Currently, the distribution is done by a trading company which deals with a variety of goods, and does not necessarily have a particular interest in farmers' problems. Secondly, this trading company has a retail shop only in the main town far from the farmers. This makes farmers unable to know in time when the farm inputs are available. Such a problem could be considered by the society and members can arrange for their society to increase its activities by providing farm inputs to farmers.

The provision of inputs may lead to the problem of lack of ready cash by farmers to purchase the required inputs. This could necessitate the society making arrangements for credit facilities for its members. Similarly, a consumer society may face the problem of transportation of goods. This may lead into the society securing a vehicle which will not only serve the society but may be hired by other societies and the public.

It should be emphasized that, the growth of activities which make a society multi-purpose should be gradual. This means that, a society could begin with one activity such as marketing of produce or supply of consumer goods. Then, due to problems facing members of such societies which also affect the well-being of the society, the society may decide to expand its range of activities.

### How do they operate?

Due to various services which multi-purpose societies provide to members, they normally establish sub-committees to supervise each activity. The sub-committees are answerable to the main committee of the society. The sub-committees are responsible for the day to day functions of a particular activity, such as provision of credit, or running a consumer shop. The main committee co-ordinates and supervises all the activities of the society.

What are the advantages of multi-purpose co-operatives?

The main advantages of multi-purpose co-operatives are:-

Firstly, the members are able to get various services like supply of consumer goods, transport and savings and credit from one society. Secondly, by increasing the number of activities the available facilities would be shared thereby reducing the running costs. This enable the society to provide cheaper services to its members.

## CO-OPERATIVE UNIONS

### What are they?

A co-operative union is a co-operative society which is formed by two or more registered societies. These societies forming the union are called primary societies whose members are individual persons. The unions on the other hand are called secondary societies.

### Why are they necessary?

Unions are formed by primary societies to solve problems which primary societies cannot solve on their own. For example, a marketing primary society may not afford to purchase and use a vehicle economically on its own. The union, however, can afford to provide the required transport facilities for use by member societies. Similarly, a union can make bulk purchases for goods required by member societies. This will enable such societies to get the goods easily, and at reasonable prices, than if each member society would act on its own. Unions also operate as link between many primary societies in a given area. This link is of importance for purposes of sharing experiences. There is a lot that we can learn from the success or failure of others. Unions therefore, provide a forum for such exchange of experiences among member societies.

### What do they do?

Unions provide many services to member societies. For example, a union of agricultural marketing co-operative collects and markets produce from member societies. Through joint marketing, the union reduces operating costs such as transport costs. Furthermore, the union is in a better bargaining position. Sometimes, it is necessary to bargain for better prices for the members. The union could also provide loans for agricultural inputs such as seeds and fertilizers to member societies. Bulk purchases for the inputs as well as the stronger financial position of the union could enable it to secure funds easily.

Unions can provide advisory services to member societies on specialized functions, such as savings and credit, transport and industrial co-operatives. Expert advice is required to ensure

that societies function properly. Unions can also offer a number of specialized services such as education, audit and printing services.

In order to perform their functions efficiently, unions can also form other co-operative organizations, at national or international levels. For example, District Co-operative Unions form national organizations, which in turn form international organizations such as the International Co-operative Alliance.



## CHAPTER 3

### HOW A CO-OPERATIVE SOCIETY WORKS

#### Formation of a Co-operative Society

##### When can a co-operative society be formed?

A co-operative society is formed by a group of people who have a common need. They should be aware of this common need and must be willing to satisfy it by working together.

The number of people agreeing to work together through formation of a co-operative society should not be too small. The reason for having a bigger number of members is that they could possibly be in a better situation to bring together money to start the society. Enough members are also needed in order to have business which is large enough to enable the co-operative society survive on its own.

However, not all the members can become leaders of the society. A small number of people is usually elected among the members to lead the society. This is done before the co-operative is formed. Those elected to lead must be able and willing to do so. Before forming a co-operative society the members must understand how a co-operative society works. It is also necessary that the idea to form a society should come from the group itself.

A farmer's co-operative society may be formed because the farmers themselves feel that they have no means of selling their produce. Alternatively, they may wish to buy a tractor which is too expensive for one farmer to afford.

School children may form a society to run a small shop or canteen. They can then buy such things as books, pencils, pop-cones and cakes from the shop. They would then not have to run to shops which are far away and perhaps more expensive in order to buy these things.

If there is a problem which can be solved by forming a co-operative society, and the local people do not have an idea as to how to form one, a person like you could explain to them how to form a co-operative society. You would explain to the group the benefits of a co-operative society and how it can help them. If the group likes the idea then steps to form a society can be taken.

## What steps are taken when forming a co-operative society?

### First Step

First, we should find out whether there is enough interest in forming the society. To find this out, a meeting of the people who may become members is called. If many people turn up, it is likely that there is enough interest. At this meeting, it should be explained to the people in detail as to how a co-operative society works and how the society which has been proposed will help them. What they are expected to do to enable the society to work successfully should also be explained.

It is usually necessary to have an adviser at the meeting so that the people attending the meeting can get correct information. It is also advisable to have a representative from a successful society, similar to the one being proposed, so that he can explain to the people how that society works and why it is successful.

The people attending the meeting should be allowed to express their views and to ask questions. After the matter has been discussed thoroughly, it will be time to see if the people present are interested enough to go ahead and form the society. This interest is found out by someone who is heading the meeting (the chairman) asking for a show of hands. The names of those interested should be listed down.

If there is enough interest, a small group or committee of say, five people should be elected. The job of this committee would be, with the help of the adviser, to undertake the various steps necessary in the formation of the society.

### Second Step

The second step involves the committee which was elected, and the adviser, to make preparations for the formation of the society. Firstly, the committee would try to find out whether the operations of the proposed society will be able to cover all costs and allow profits to build up in order to enable the society to grow. In doing this they must find out the amount of money the society needs to start. They would need to find out whether buildings, equipment are necessary and how much it would cost to buy or rent them. They would need to know how much the society will spend to pay for its operations. Then they should find out the income the society will be able to get annually. A new society gets income only from members; so the more members there are, the better.

Thereafter, the committee should recruit more members in addition to those who have already been listed.

Then, the committee will look at the services which the society will give to the members. It is better that a new society should start with only one or just a few services that are essential.

The committee's next duty is to find out whether there are people in the local area with the necessary knowledge to run the society. If they are not there, the committee should look for them elsewhere so that the adviser can start training them.

Lastly, the committee should be able to find out how the money required will be raised. The money may come from members in the form of entrance fees, shares and deposits. The money can also come from non-members as loans or deposits; and from other institutions like the banks. As much as possible the money required should come from members. Entrance fees and shares should not be too high. They should however, be high enough to make members interested in the success of the society; and make it possible for the society to start its business.

### Third Step

After the committee has completed its findings, it calls a second meeting of all the members and presents a report on its findings. The members should then be allowed to discuss the report point by point. After the discussion, the members would be asked whether the society should be formed or not. If the majority agree, then the meeting would elect an organizing committee. This committee usually includes all or at least some members of the survey committee. The committee may be divided into sub-committees to look after different matters like co-operative education, finances and administration.

### Fourth Step

The organizing committee or subcommittees would then get on with the work which would include:-

- recruiting the required number of members
- obtaining entrance fees and contributions for shares
- drafting by-laws with the help of an officer from the co-operative department

- submitting application forms for registration together with the drafted by-laws to the Registrar of Co-operative Societies.
- arranging for the first general meeting of members after receiving the certificate of registration.

In recruiting members, the committee may use ordinary members to persuade others to join the society. All those persuading others to join should understand how the proposed society will work.

After a satisfactory number of members have been recruited, entrance fees and payments for shares should be collected. Receipts should be given to those who pay. The money collected should be handed over to the treasurer for safe keeping.

### General Membership

Members are people who have voluntarily come together to form a co-operative society to satisfy their social and economic needs. There are guidelines which show how one becomes a member of a co-operative society.

School children, may also form a co-operative society to satisfy their needs.

### What should a member do to support his society?

The success of a society depends on its members. A member is therefore expected to be loyal to his society. For example, a member of a produce marketing society should sell his produce through that society. A member of a consumer society must buy things he requires from his society and a member of savings and credit society must save money in his society. If he has to borrow money, he should borrow from that society. This is the only way that a co-operative society can do business and serve its members better.

Every member should see that his dealings with the society follow the guidelines of that society. If a member sees faults in the society, he should remember that the society belongs to him and his fellow-members. Instead of complaining or keeping quiet, he should bring up the matter at a general meeting. A member has therefore to attend all the meetings of the society. It is at these meetings that he can influence the operations of the society. A member should participate in discussing and voting on matters affecting his society. He should be willing to lead his society if he is elected. On the other hand, if the majority of the members vote in favour of something he does not agree with, he should be prepared to accept the decision.

### What a member expects from his society

A co-operative society belongs to its members. The members are entitled to get services by the society and to control the society. As we have already said, in the section on democratic control, members exercise control over their society collectively at general meetings. Hence every member expects that those running

the society will give him advance notices of all the meetings that he is entitled to attend. If a member feels that there is something which should be discussed by the members, he is entitled to request the leaders of the society to call a meeting.

A member is entitled to be given adequate information about the operations of his society. He is also entitled to ask questions and to be given answers.

The success of a co-operative society hinges on the harmony and collaboration of its members. It is therefore very important that existing members decide on whether or not to admit a new member. Thus, a member is free to confirm or to reject the admission of new members.

Each co-operative society has got rules - called bye-laws which govern its internal operations. The original bye-laws can be amended or added to by the members. Finally, every member of a co-operative society is entitled to vote for the society's leaders; and if he wishes, he is also entitled to contest for leadership of the society.

### Committee

In a co-operative society, all important decisions are taken by the general meeting, in which all the members are entitled to attend and vote. However, it is not possible for a general meeting to be called everytime a decision is to be taken. It is also not possible for all members to deal with the daily operations of the society. This is why a committee is elected and given powers to act on behalf of the members. The committee therefore, is concerned with the day-to-day activities of the society.

### What are the duties of the committee?

The main duties of a committee are to ensure proper administration of the society. As representatives of the members, the committee must act according to the members' wishes. The committee deals mainly with the following matters:-

The committee receives and considers applications for membership. It has the power to approve or reject any application. Having approved the applications for membership, the committee has the duty of maintaining a register of members. Further, the committee has a

duty to maintain proper accounts of all the funds received and used for the society's activities. Proper records of all the dealings of the society must be kept. These records help when preparing a report which the committee presents to the general meeting for discussion. It is the duty of the committee to call the general meetings and to prepare the agenda to be discussed by the members. The committee also, has the duty to meet regularly and discuss matters affecting their society.

It is also the duty of the committee to represent the society in all matters. For example, if a society is taken to court for any reason, the committee has to defend the society. Likewise, if the society must bring an action against anyone, the committee must represent the society.

What powers enable the committee to carry out its duties?

In order for the committee to carry out its duties, it is given certain powers. All the laws governing co-operatives of various types make provisions for such powers. The committee has powers to deal with all matters which help in achieving the aims of the society. For example, the committee may enter into agreements on behalf of the society. Such agreements involve business dealings in which the committee will negotiate and sign on behalf of the society.

The committee also has power to make working rules to be followed by all the others in managing the affairs of the society. Furthermore, the committee has power to raise loans or accept deposits. In exercising its power, the committee is guided by the decisions of the general meeting.

The committee is empowered to authorise expenditure of the society's funds as approved by the general meeting. It has also power to appoint employees to run the affairs of the society. In the event of a vacancy occurring in the committee of a society, the remaining members are empowered to appoint a member of the society to fill the vacancy.

In view of above duties and powers, it is therefore obvious that the success or failure of a society depends on the quality of the committee which the members elect. If the committee is hard working in carrying out the wishes of the members, the society will be successful. On the other hand, if the committee is

negligent or lazy, the society may suffer great losses. It is important for members to be careful when electing a committee.

#### Who are the employees and what do they do?

Employees are people who run the day-to-day operations of the society and are paid wages. They are also referred to as staff. They are hired by the committee on behalf of the co-operative society.

When a co-operative society is small the committee, with the help of some members, may do all the work required. But as the society grows bigger and bigger, the work increases, and becomes more and more complicated. When this stage is reached, the committee usually appoints one or more employees to work either full time or part time. The reason for appointing employees is to make sure that the society continues to operate efficiently. This is why the persons employed should have the necessary knowledge, skills and ability to run the day to day operations of the society.

Once an employee or employees have been appointed, the committee only supervises their work. The committee should not interfere in their day-to-day work. However, the employees must give regular reports to the committee which in turn reports to the members. If any employee does not do his job properly, he may be dismissed by the committee.



## EDUCATION AND THE WELFARE OF A CO-OPERATIVE SOCIETY

Forming a co-operative society is like building a house. A good house should have a strong foundation to support the walls and the roof. Similarly, a co-operative society should have a strong foundation to support, direct, and control the committee and the staff. The foundation of any co-operative society is its members. If they are ignorant of how their society should function and what it can achieve for them, they will then fail to direct and control its affairs. In this way their interests will not be served.

Members of many co-operative societies tend to regard these societies as belonging to the committee and the employed staff. Due to such attitudes, they fail to influence the operations of the society to serve their interests better. To change such member attitudes so that their welfare is well looked after, constant member education is very necessary.

What must members know so as to serve as a strong foundation for their society? Among many things, they need to have some knowledge about what the committee and staff do so as to direct and control them better. This is particularly important in those societies whose employees are non-members and whose interests may tend to be different from those of members.

Furthermore, members need to be kept informed of the business aims and results. They have to know all the activities of the society, the costs of these activities and the profits they will get. They must know how staff are selected, promoted and paid. This means therefore, that what they need to know in order for them to serve as a strong foundation is very wide. As such, constant and well planned co-operative member education is necessary, if the interests of members have to be protected.

Members of a co-operative society participate in meetings which discuss all matters of the society. It is constant education that will make it possible for them to discuss the affairs of their society intelligently. The members will not merely store this information but will use it to take major decisions which will improve the welfare of their society. The meetings themselves are a source of education to members. It is at such meetings that members receive information, brought together, from various operations of the society.

Another type of education and training which will improve the welfare of the society is that one which helps them to become better farmers, better craftsmen or better producers. This means that the content of education for members of a co-operative society should not only dwell on how to manage the society. It should be diversified to include the development of skills which will improve the quality and quantity of the products which the members produce. Co-operative educationalists should therefore work in close collaboration with other specialists like the agriculturalists to give a member of a co-operative society such skills.

CHAPTER 4 - 10 - SECONDARY SCHOOLS

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## CHAPTER 4

### INTRODUCTION TO CO-OPERATIVE PRINCIPLES

Every community has its own history on how people solved a wide range of problems by working together, that is, co-operatively. In Africa, we have seen how different communities co-operated in activities such as grazing, hunting and agriculture. Mutual self-help against exploitation as well as against environmental hazards existed in all countries of the world. This kind of co-operation was guided by certain rules, regulations and well-understood customs. In some communities, these were written and in others they were not. Written or not written, these regulations had to be followed in order to ensure harmony in all group activities.

Due to improved communications, people in different parts of the world came to learn that there were certain regulations which were common to co-operation in all communities. These common regulations have been written down and are recognized as guidelines for all modern forms of co-operation. They are today referred to as co-operative principles.

The International Co-operative Alliance (ICA), which represents the world co-operative movement, has put down six co-operative principles. These are related to:-

- open and voluntary membership
- democratic control
- limited interest on share capital
- patronage refund
- education
- co-operation among co-operatives.

## 1. OPEN AND VOLUNTARY MEMBERSHIP

Membership of a co-operative society should be voluntary and available without artificial restrictions or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

### What is the meaning of this principle?

The principle means that people should be able to join and withdraw from a co-operative society whenever they want. All people who qualify to be members should be accepted if they decide to join a society. The decision to join or to withdraw should, however, be made freely without any force.

### Why is this principle necessary?

Since co-operative societies are formed by people who want to satisfy their common social and economic needs, membership should therefore be open to all. Problems of transport, fishing, agricultural marketing or housing would not be restricted to one or two people. They would also not be restricted to somebody's race, tribe, religious or political convictions. They are found among all groups of people, and this is why it is necessary that if a co-operative society is formed anybody who can use its services, may become a member.

On the other hand, one cannot be forced to join a fishing co-operative society, for example, even if one is a fisherman and shares common problems with other fishermen. In case one is forced to join the fishing co-operative, the willingness and amount of participation could be very poor. A willing fisherman who freely decides to join the society, would be more prepared to observe the by-laws of his society and actively participate in the social and economic matters of the society. Just like open membership, voluntary membership is therefore very necessary for any co-operative society.

### What are the limits of this principle?

Open Membership: The limits of open membership could lie on individual persons. For example, children may not be allowed to join a co-operative society. Membership could then be open only to adults. This is the case especially where members are supposed to take certain responsibilities such as being a committee member.

People who cannot make decisions on their own, for example, those who are very ill or are mentally disturbed, may also not be allowed to join a co-operative society.

The other limitation of open membership could lie in the nature of the activity of a co-operative society. A school teacher, for example, would not be allowed to join a fishing co-operative society, if he does not carry out fishing activities. Since the school teacher might not have the skills and time to use the facilities offered by the society, membership could be restricted only to fishermen. The nature of the activity of a society and the skills that one has will therefore put limits to open membership.

The area of operation of the society impose another limitation in that only those within that area are allowed to be members.

Voluntary Membership: Voluntary membership is limited where people are directly forced to join co-operative societies. The laws or government decisions of a particular place might force people, most likely in a certain area to join a society or societies. This is done where co-operative development is to be speeded up. In other cases where co-operative societies wish to introduce a new variety of crops, control of weeds, pests and soil erosion or an irrigation system, people living around such areas and are reluctant to join the societies, might even frustrate all the efforts of the societies. The control of weeds and pests, for example, require that everyone, in a particular area, works together with others. A single field left unattended would spread back the weeds and pests in the other fields which had previously been attended to. In such cases, some compulsion or force could be used. The force should, however, be temporary. Members should have the right to withdraw if they want, after some time.

There is also limited voluntary membership where people are indirectly forced to join co-operative societies. An agricultural programme, for example, which aims at giving land, cheaper credits, and many other facilities to the farmers through co-operatives, would indirectly force the farmers to join the co-operative societies. This would be the only way that they can get access to those facilities. Similarly, where a co-operative society is the only organization carrying out a particular activity, people will indirectly be forced to join that society - since there will be no other alternatives.

## 2. DEMOCRATIC CONTROL

Co-operative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and are accountable to them. Members of primary societies should enjoy equal rights of voting (one member one vote) and participation in decisions affecting their societies. In other than primary societies, the administration should be conducted on a democratic basis in a suitable form.

### What are the meaning of the principle?

Members of a co-operative are its owners as well as users of its services. As owners they are entitled to choose the people who will manage the day to day operations of the co-operative. They appoint a management committee or board of directors; which in turn may employ workers. But both the management committee or board of directors and the employees are ultimately accountable to the members.

As users of the services of their co-operative, the members expect that the co-operative will serve their needs and interests. That is the predominant condition for which the co-operative was formed. The members must determine what their common needs and interests are and then direct their management committee and employees to operate the co-operative in such a way that it will fulfil those needs and interests.

### How democratic control works

Democratic control is exercised through meetings which members should attend, discuss matters and then take decisions. In an ideal situation, all the members should attend the meetings. However, it is not always possible for all the members to attend the meetings. The by-laws of the co-operative society, state the minimum number of members - the quorum - who should constitute a meeting. Ideally, a decision should be accepted by all the members at the meeting. But this consensus is not always possible because of differences of opinions among the members. As long as the majority of the members present at the meeting make a decision, that decision is taken to be a decision of all the members.

In primary co-operative societies, the members are individual persons. When a meeting is called the members must attend

and vote in person. Voting by representatives - called voting by proxy - is not allowed. Each member has only one vote, and this is why the principle of democratic control is sometimes referred to as the principle of "one man one vote". However, calling the principle of democratic control the principle of "one man one vote" could be misleading. The principle is practised and in fact imperative in primary co-operative societies where members are individual persons.

In co-operative unions and federations the members are other co-operatives. They are not individual persons, and can only be represented at members' meetings. The unions and federations which are formed by co-operative societies are themselves co-operatives. Their member societies have a right to control them democratically. It is quite possible to apply the rule of "one member one vote" to unions and federations, especially where the various member-primary societies are nearly of the same size. But more often, there are several disparities in sizes. In that case, it is quite democratic to base the societies' representations to union meetings on the number of members in each society. For example, those societies which have less than 200 members may have only one representative each; those with more than 200 members but less than 300 members may have three representatives.

In some unions or federations, representation of member-societies is determined on the basis of business done with the union or federation; or on the basis of turnovers of the societies. Whatever method is used, it should be clearly stated in the union's or federation's by-laws.

#### Limitations in the implementation of democratic control

Application of democratic control in primary societies faces many problems which often render it to be merely an ideal. We have already said that in order to exercise his rights, a member must be present and vote at a meeting. When a primary society has just been formed, members are willing to attend meetings. After a few years, usually members' enthusiasm decreases and members tend to develop apathy towards their society. Attendance at meetings becomes poor, in some cases meetings even fail to be held due to lack of quorum.

Secondly, in order to contribute to the discussions at a meeting, members need to get information and reports or proposals



in advance. Very often, members are given short notices of meetings and reports are never given to them. The third problem is low levels of education among members so that even when reports are given them in advance, such reports serve no useful purpose to enlighten them.

Fourthly, there is the problem of where the majority of the members are forced to keep quiet by a few members who talk too much, thus preventing the majority from giving their views or grievances. This is specially so on sensitive issues where interest groups, for or against, have been formed.

### 3. LIMITED INTEREST ON SHARE CAPITAL

Share capital should only receive a strictly limited interest, if any.

What is the meaning of the principle?

Business organizations need money to run their activities. The money is called capital. The owners of the business contribute to the capital of the business by buying what are known as shares. The value of each share is always fixed and the total amount of such contributions is known as share capital. For example, XYZ Co-operative Society Ltd is a registered society. The required capital is estimated to be 10,000/=. The value of one share is 100/=. This means that, there are 100 shares available. The society has 50 members. Each member is entitled to buy at least one share by paying 100/=.

In a co-operative society, the money contributed by members as share capital receives a minimal interest. This means that members do not contribute shares in order to make profit. The expectation of members is to get goods and services at reasonable cost. However, should surplus be realised, a limited interest could be declared on the share capital. The practice in societies, therefore, is that the by-laws make a provision for a fixed percentage, normally not exceeding ten percent, to be paid as interest on shares.

Why is the principle necessary?

As indicated earlier, co-operatives are not regarded as profit making organizations. Limiting interest on shares discourages people with a lot of money from investing in a co-operative for sheer profit motives.

Furthermore, limitation of interest on shares means that the society will have a little more money left out of a surplus. This money can be used to pay dividends to those who make use of the services of the society. This is another way of getting "interest", but after the member has supported his society instead of merely waiting for the money to earn interest.

The limitations of the principle

Limited interest on capital would discourage members from

from subscribing more shares in the society. Capital formation is therefore indirectly also discouraged. Due to this reason, many co-operatives tend to have insufficient capital. This makes them more dependent on government help and other sources of funds.

A society carrying out many functions at the same time, would have problems in trying to distribute patronage bonus. Keeping proper records of all member activities would prove to be very difficult. In this case, interest on capital would be the only way of distributing surplus to the members. If it is the only way, then limiting it will of course be unfair towards the members.

Nevertheless, the limitations of this principle are very much due to the nature of co-operatives themselves. Changing this principle would mean a change of the ideal and structures of co-operatives.

#### 4. DISPOSAL OF SURPLUS

The economic results arising out of the operations of the society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others.

This may be done by decision of members as follows:-

- (a) By provision for development of the business of the co-operatives;
- (b) By provision of common services; or
- (c) By distribution among the members in proportion to their transactions with the society.

#### What are the implications of the principle?

This principle eliminates possibilities of one member gaining at the expense of another. While a certain percentage of the surplus is for the general good of the society, the remaining balance is shared by the members in proportion to their participation. The surplus distribution procedure, therefore, ensures that a special service relationship between an individual member and his society exists. The more use one makes of the services of the society, the more one is rewarded. The service relationship and the disposal of any surplus encourages members of co-operatives to actively use the services of their society.

Disposal of surplus is calculated as shown below:-

Income received	40000
Less expenses (such as salaries & transport)	<u>10000</u>
Balance	<u>30000</u> =====

The balance is known as surplus. A fixed percentage of the surplus goes to Statutory Reserve and another fixed percentage goes to the Education Fund. An amount can be set aside for a particular project of the society.

After the above deductions, the balance could be distributed to members. In this case, a certain percentage is paid as dividends on shares and the balance is paid to each member according to use the member has made of the services of the society. Each society has therefore to maintain records of the business dealings with individual members.

What are the limitations of the principle?

Disposal of surplus assumes a highly efficient recording system. This is because a society deals not only with members but also with non-members. The recording system should therefore be able to separate the contributions of members from those of non-members. Members will, in this case, be given bonus only from the surplus that arises out of their own contribution. The maintenance of such a recording system needs facilities and skills which most co-operative societies cannot afford. This, in itself, is a limitation to the principle.

Furthermore, a society could be handling a variety of goods or produce with varying prices and costs - thereby bringing different amounts of surplus to the society. Since the calculations of most societies are mainly based on a member's yearly purchases or sales, the amount of surplus brought in by each member is not considered. The one who buys or sells more goods will therefore get higher bonus, even if the types of goods one bought or sold brought in less surplus.

## 5. CO-OPERATIVE EDUCATION

All co-operatives should make provisions for the education of their members, officers, and employees and the general public, in the principles and techniques of co-operation, both economic and democratic.

### What is the meaning of this principle?

This principle implies that, education is one of the important foundations for co-operative societies to operate efficiently. Co-operatives as business organizations depend on their members for their success. It is therefore important that the public, members, officers and employees of co-operative societies are educated to know them thoroughly. Important areas which co-operative education would cover include: knowledge of the principles of co-operation which are the basic guidelines for the operation of co-operatives, how and why a co-operative society is formed and the business operations of co-operative societies.

### Types of co-operative education and why it is necessary

Co-operative education should be offered to staff and members of co-operatives as well as the general public. However, each target group has its own areas of emphasis.

#### Co-operative education to staff

The staff of a co-operative society are people who are employed to carry out day-to-day activities of the society and are paid wages. If it is a consumer co-operative society, the staff would most likely consist of the manager and the sales staff. If it is an agricultural marketing, there may be a manager/secretary and a book-keeper.

In order for the staff to perform their duties efficiently, they need to know the principles of co-operation and the business practices involved in the co-operative society. They also need to know some aspects of democratic management.

#### Co-operative education to the committee

The committee of a co-operative society is elected from the

members of different academic backgrounds and experiences. This therefore means that they need to get all the aspects of general member education such as co-operative principles and general rules guiding a co-operative society.

The committee also being directly responsible for the successful operations of the society needs to have sufficient knowledge of business methods of their society.

It should also understand the laws relating to co-operatives, the conduct of meetings, its duties, and a fair amount of knowledge regarding the interpretation of accounts.

#### Co-operative education to members

Co-operative education should make members aware of their duties and responsibilities. It should also include co-operative principles, knowledge of the rules guiding the day-to-day operations of their societies, and the rights and obligations of the members to their societies. Co-operative education to members should enable them to participate fully in democratic decision-making. It should also consist of basic skills which are needed in the particular co-operative society. If it is an agricultural co-operative society, for example, members should be helped to develop better methods of farming. In case of an industrial co-operative society, members should also be helped to develop the appropriate technical skills necessary for quality as well as for production.

#### Co-operative education to the general public

The aim of co-operative education to the public is to make people aware of what co-operatives are and how they can be useful in solving peoples' problems.

The type of co-operative education directed to the public would therefore consist of some ideas on co-operation, how and why co-operatives are formed and how they operate. The means by which this education is conducted is through radio, film shows and newspapers.

Members, committee and staff can get their co-operative education from co-operative institutions such as colleges through correspondence, seminars, conferences or through residential courses.

In addition, co-operative education can be conducted by field officers employed either by government or the co-operative movement.

#### Limitations of the principle of co-operative education

Co-operative education is affected by the level of literacy of the population. People must know how to read and write as a pre-condition to successful co-operative education. The more illiterate members are, the longer it will take for them to understand the operations of their co-operative societies.

Secondly, for programmes of co-operative education to run smoothly, there is need for financial commitment. Some societies need member education as well as staff training, but they cannot pay for the cost of this education.

Thirdly, depending on the government policy towards co-operative development, co-operative education programmes through the radio, television or newspapers may receive very little time and space or sometimes not provided for at all.



## 6. CO-OPERATION AMONG CO-OPERATIVES

All co-operative organizations, in order to best serve the interests of their members and their communities should actively co-operate in every practical way with other co-operatives at local, national and international levels.

### What is the meaning of the principle?

According to this principle, co-operation should not end at a society level, it should also be extended into the operations with other co-operative societies. This principle is a recognition of the advantages which accrue to individual societies and their members when the societies co-operate with each other.

Inter-co-operation may take two major forms: Firstly, there is co-operation among co-operatives at the same level. This can exist between one primary society and another, between a secondary society and another or national and another national co-operative society. This type of co-operation is called horizontal co-operation. Secondly there is co-operation among societies of different levels, known as vertical co-operation. This form of co-operation can exist between a primary society and a secondary society. Also, co-operation can exist between primary society and an apex organization or between a secondary society and an apex organization.

Co-operatives working together could be of the same type such as marketing societies or they could be of different types such as the co-operation of consumer societies and savings and credit societies. Provided that such co-operation is carried out to benefit members of both societies.

### Why this principle is necessary

The principle of co-operation among co-operatives is necessary because of the economic and social advantages it opens to members. Firstly, the problems which may not be solved by one primary society on its own could be solved by many co-operatives working together. The fact that co-operatives can work together, provide a wider opportunity of solving problems which they cannot solve individually. Marketing societies isolated from a major road can pool their resources to build a permanent road and be able to transport members produce easily. Secondly, there are economic activities or projects such as irrigation, central storage facilities, or the construction of a big fertilizer plant which one society

may not be able to undertake. A group of societies would have the ability to carry out such activities together.

Thirdly, where technical skills are scarce such as accounting, engineering, research and consultancy, primary co-operatives do collaborate with secondary or apex organizations to share such skills at low costs. A highly qualified auditor can easily be paid by the co-operative union to serve a large number of primary societies than if a primary society employed one.

Fourthly, co-operatives can collaborate to set up their own financial institutions where they could get loans more easily than from normal financial institutions where the loan conditions are usually difficult.

Fifthly, co-operation among co-operatives is necessary to boost inter-co-operative trade. Co-operatives working together will know each other and will be able to work out ways in which they can exchange the goods they produce. A farm tool industrial co-operative can easily carry out trade with an agricultural marketing co-operative because their activities are related.

#### The limits of the principle

Co-operation among co-operatives may be difficult to achieve because of the following factors:-

First, co-operation among co-operatives may be difficult if societies which want to collaborate are at different levels of development. A society which is more successful in its business may not be prepared to co-operate with a weak society as doing so would slow the development of the more successful society.

Secondly, co-operation among co-operatives may be difficult where competition in business is allowed. Competition makes co-operatives operate against each other instead of co-operating. Competition also results in each society trying to do everything on its own. This could easily lead to misusing and wasting co-operatives.

Thirdly, co-operation among co-operatives in different countries may not be possible due to unfavourable political and trade barriers imposed by governments.

CHAPTER 5  
FORMATION OF A CO-OPERATIVE SOCIETY

The procedure for registration of a co-operative society is a very important aspect, which creates its legal status. There are steps followed before a co-operative can be registered. Some of these steps are discussed here.

Economic needs

In most countries, there is an increasing feeling that, formation of any co-operative society, should be based on the initiative of the people themselves. But, at the same time some governments maintain that, people can still be stimulated to form co-operatives, if their initiative is not forthcoming, because, development cannot be postponed.

However, successful co-operatives appear to be those established according to the wishes of potential members. In such cases, members themselves must identify their problems and be convinced that, formation of a co-operative society is the only solution to their problems. Furthermore, the establishment of a co-operative, must guarantee an improvement in the social and economic well-being of the potential members.

It is therefore, important that farmers who intend to form a marketing society, for example, should know the relevant needs that such a co-operative will meet and problems which it will solve for them. Sometimes the farmers may face transport problems to deliver their produce to distant marketing centres. Formation of a marketing co-operative will go a long way in meeting the needs of such farmers, by bringing a marketing centre nearby the people.

Common bond

The success of a co-operative also depends on the unity and interaction of the members, influenced by the coincidence of their interests. Common in this context, implies that, members must be together sharing the same organization or carrying out the same activity. For example, the farmers who stay together, but, have transport problems to take their produce to far away distances, we can say that these farmers' common bond is the marketing of their produce. We can also say that school teachers, who work for the ministry of education and decide to form a savings and credit society, have one common bond, the ministry of education. Common bond there-

fore implies something that binds the members close together, something which appeals to each and everyone of them. Without common bond, it is difficult to maintain inner relationship in a co-operative society.

### Co-operative Act, Rules and By-laws

The law governing co-operatives in most countries is divided into the Act, Rules and By-laws. The Act is passed by parliament and sets out the framework upon which co-operatives function. The Rules are details worked out by the minister, in form of statutory instruments, while on the other hand, and in conjunction with the By-laws they help to explain and guide the day to day operations of each co-operative society.

### Composition of the by-laws

By-laws are regulations guiding the day to day operations of every co-operative society. In most countries, every new co-operative has to draft its by-laws or adopt model ones, in order to satisfy the Registrar of Co-operatives that, the construction of such a co-operative is not contrary to the Co-operative Act and Rules of the country concerned. By-laws are composed of the following:-

#### Name and address

This part of the by-laws describes the name of the co-operative, its address and the situation of its registered office. Normally, the name of such a co-operative should not at all, be similar to another registered co-operative, so that it may not confuse people.

#### Purpose and objectives

This section stipulates the aims of the co-operative and the functions which it will carry out. For example, a rural marketing co-operative should market produce of its members, store it or even process it for transportation to other buyers. In some cases, such a co-operative may even deal with the supply of production inputs to its members. This is what is known as the purpose and objective of a co-operative society.

### Membership

This one describes conditions for joining as a member in the co-operative and the requirements for membership, duties of members and steps followed when withdrawing from membership.

### Society boards

The section explains the management and control organs in a co-operative society including their functions. Some of these organs are: the general meetings which are the supreme organs. The board of directors also referred to as the committee and elected by the general meeting and also the auditors.

### Employees

This part of the by-laws, indicates the people who may be employed in a co-operative society, including the duties that they will perform.

### General regulations

This part of the by-laws, deal with the general procedures concerning the conduct and operations of a society's day to day activities. Some part of general regulations may be derived from the co-operative rules, made outside parliament.

### Registration of a co-operative

Registration of a co-operative is regulated by law enacted by each country. This law provides procedures to be followed before a co-operative can be registered.

When a group of people want to form a co-operative, they must first identify their common problem which the proposed co-operative is going to solve. They must also assure themselves that the co-operative will meet a real economic need and that formation of such a co-operative society constitutes the only alternative of solving their problems.

Normally, by-laws limit the number of people who may form a co-operative society and when such a group is convinced of the idea, they seek the advice or guidance of government officials responsible for co-operative development. The group

then submits an application for registration which should be signed by a specified number of such members.

Such an application must be made on prescribed documents and should be submitted to the Registrar of Co-operatives, accompanied by resolutions made by the group that, they all accept to form a co-operative society. A specified number of copies of the by-laws of the proposed co-operative society also be submitted to the Registrar together with the application for registration.

Viability study reports should also be submitted to the Registrar showing whether or not the co-operative society will be of economic benefit to the members.

The potential membership should at the same time receive adequate co-operative education and information to prepare them for various tasks in the running of their co-operative activities.

There must be a sufficient number of members to contribute share-capital, for the commencement of the operations of such a co-operative society. It is also desirable that, there be an assurance of competent people among members, who should be prepared to manage the affairs of the co-operative in accordance with the by-laws. When the Registrar is satisfied with all the requirements for registration, then the co-operative applying for registration may be registered. There are some cases, where the Registrar may defer the registration of a co-operative, in order to get additional information about it or refuse to register it completely.

In cases of a refusal to register a co-operative, the potential members of such a co-operative may appeal to the minister in accordance with the provisions of the co-operative law concerned.

If a co-operative is registered under the procedure stipulated, the Registrar of Co-operatives will issue a Certificate of Registration in the name of the co-operative in question.

In this case, the new co-operative society is obliged to call for the first general meeting of all members within a stipulated period after receiving a certificate of registration. This meeting may deal with various issues including plans and election of the committee. Therefore, the co-operative society may go into business.

## CHAPTER 6

### MANAGEMENT OF A CO-OPERATIVE SOCIETY

A Co-operative Society is a business organization based on the voluntary association of individuals who bring together their resources to attain a better standard of living.

To achieve their goals, the co-operative members have to manage their society collectively. The type of management and administration found in co-operative societies is therefore one whereby an individual member will be required to carry out a certain function for the benefit of the whole society.

A co-operative society is therefore managed on the basis of collective decision-making. That is why the management structure is formed by groups and not just by individuals. The management structure of a co-operative society comprises of the following organs: the general meeting, the committee and the staff.

#### The General Meeting

In a co-operative society, the general meeting consists of all members. It is the highest authority of a co-operative society. Any decision taken by the general meeting has to be reached at democratically through one man one vote. When a decision has been reached, it becomes binding to all members even to those who did not vote for it.

The by-laws which guide the management of the co-operative society would indicate that the general meeting is the organ which formulates major policy guidelines.

The general meeting elects and removes members of the committee. It also receives, discusses and accepts or rejects any report presented by the committee and has the final say in all matters guiding the affairs of the co-operative society.

The general meeting is always held annually, but it could be held any time during the year when there are urgent matters to be discussed.

#### The Committee

The committee is elected by the general meeting and it is headed by a chairman. Other positions in the committee are those of the treasurer and secretary.

The committee implements policy decisions made by the general meeting. It employs or expels employees and supervises the day-to-day activities of the co-operative society. The committee also fixes wages for the employees.

For effective performance, the committee sub-divides itself into specialised sub-committees to deal closely with the operations of the society. Such sub-committees may deal with promotion, education, social welfare and dispute settling.

### The staff

The co-operative society might find it proper to employ people to carry out the operations of the society. The staff are not members of the co-operative society but they are employed because they have certain skills needed by the society.

In a primary society the employees could be headed by the manager, while in a bigger co-operative society such as a union, he would be called the general manager.

The manager is the direct supervisor of all other employees in the co-operative society and will implement all directives as given to him by the committee. Furthermore, the manager is responsible for keeping proper accounts of all the day-to-day transactions of the society and submits monthly reports to the committee.



## CHAPTER 7

### FUNDS OF A CO-OPERATIVE SOCIETY

A co-operative society needs sufficient funds in order to run business and to provide services required by members. There are various ways in which a society would get the required money. Some of these ways are through share-capital, entrance fees, deposits, surplus and reserve funds.

#### Share capital

Share-capital is money contributed by members to their society. In most countries today, no person may become or exercise the rights of a member in a society before paying for at least one share. However, the by-laws of each society limit the amount of shares a member may hold in the society. This is necessary in order to maintain equality among the members. Furthermore, shares cannot be withdrawn or sold except as provided for in the by-laws. Share-capital is, therefore, of a stable nature and can be used to finance long term activities. Interest on share-capital is also limited by the by-laws of co-operative societies. This makes share-capital a cheaper source of funds.

A society with enough share-capital to run all its activities will be self-reliant and will avoid expensive sources of funds such as banks. Members of the society will be committed and also feel responsible to run the affairs of the society. This is because they have interest in safeguarding the money they have contributed.

#### Entrance Fees

Entrance fee is paid by people applying for membership in a society. In some cases, entrance fee is known as membership fee. Entrance fee is normally smaller, compared to share-capital. The amount of entrance fee a member may be required to pay is often stipulated in the by-laws. Since entrance fee is not refundable, it cannot be given back even when one withdraws from the society. It forms a reliable fund and it can be used to pay for costs of stationery and many other office expenses.

#### Deposits

In cases where a society has to raise more money, it could

encourage members to save money with it. The society can then use the money and pay interest on it. The money saved by members in this way, is known as deposits.

The interest paid on deposits and conditions for withdrawals against deposits are laid down in the by-laws of each co-operative society. The interest paid on deposits is normally higher than that paid on shares. Some co-operative societies have not extended deposit facilities to non-members, to enable them to increase their financial capacities.

### Loans

A society can borrow money from its members, the banks or government. It would use this money to run its activities and then repay, with interest, at a later date. This borrowed money is called loans. The rate of interest on loans is often higher than that paid on shares and deposits.

Some loans must be fully repaid within a year. These are called short-term loans. For example, loans taken at the beginning of every planting season for the purchase of seeds, to be repaid before the next planting season, would be short-term or seasonal loans. Others must be fully repaid in more than a year or over many years. These are long-term loans, for instance, a loan for the purchase of a building, to be repaid over a period of ten years, would be a long-term one.

A loan need not necessarily be given in the form of money. It could be given in the form of the required goods or services. The co-operative society would then have to repay the value of the seeds, fertilizers or whatever the goods might be.

### Surplus and Reserve Funds

A co-operative marketing society, for example, would sell the members' produce. The money got from the sale of the produce will be its income. The society has, however, to pay the members for their produce, pay for transport, for stationery and also the wages. Such payments are called expenses or expenditures. If the incomes are bigger than the expenses, then the society has made a surplus. The opposite would be a loss or a deficit. A surplus is, therefore, a positive difference between income and expenses. The other name for surplus is profit.

The co-operative marketing society would then have to decide on how to spend the surplus. This is done by the members at a general meeting. A certain amount of the surplus could be used to pay interest on share, to give bonus to members because of their patronage to the society or even to give bonus to employees who are outstanding in their performance.

However, the laws governing co-operatives require that a certain percentage of surplus should be put in a reserve fund. This is the amount put aside for future use by the society. The reserve fund, which is required by law, is not meant for a particular use. It can be put to any use - with the permission of the registrar/commissioner for co-operatives.

The society also puts part of the surplus aside in an Education Fund. This fund could then be used for education and training of employees and members. In order for the society to be able to meet any share claims of members who withdraw, part of the surplus will have to be put in a Share Transfer Fund.

CHAPTER 8  
COMPARISON OF CO-OPERATIVES AND OTHER  
BUSINESS ORGANIZATIONS

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The differences between a co-operative society and other business organizations such as partnerships and companies are:-

i) Objective

A co-operative society is formed with the view of rendering services to its members. Active participation of each member is therefore very important, in that it determines not only the success of a society, but also the benefits to each member.

A company or a partnership is formed in order to make profits.

The owners are concerned with profits, they do not have to use the services of a company or partnership. In a co-operative however, a member-owner cannot be just contented with profits, he must actually use the services of his society.

ii) Formation

The formation requirements of the business organizations are also different. In order for a co-operative society to be formed, a specific minimum number of members must be attained. For the time being, the number is ten. A company on the other hand, varies with the type of company to be formed. If the company to be formed is a private company, then the minimum number is two. If it is a public company, that is, a company which invites the general public to subscribe shares, the minimum number of persons is seven. The minimum number of persons who can form a partnership is two.

In a co-operative society, a member must have attained the age of majority (18 or 21 years whichever is applicable). In some countries, minors that is those below the age of majority are allowed to be members under special conditions.

In a company, the issue of age is not important. A minor can be a shareholder in a company. It is possible for two people, one of them being a minor to form a company. In a partnership, minors cannot be partners. Membership is restricted and the upper limit is fixed. In most cases, membership cannot exceed fifty.

iii) Management

In a co-operative society, members through the general meeting, exercise supreme authority in the affairs of their society. Each member is entitled to one vote regardless of the number of shares a member holds. Voting by proxy, that is through a representative is prohibited for primary societies. In a co-operative society therefore, democracy is practised.

In a company, the exercise of control depends on the number of shares one has. The majority shareholders are entitled to a greater voting power. Voting by proxy is allowed. This implies therefore, that a shareholder can be overseas or far away from where the company operates for years, not attending meetings, but still controlling the affairs of the company.

For a partnership, each partner is an agent that is, a representative of the firm. It is also possible to have a partner not participating in the activities of the partnership but still exercising control. Voting power is determined by the amount of contribution each partner has made.

iv) Shares

The value of shares in a co-operative society is always fixed. This means that, even if a lot of people apply to be members, the society does not raise the value of its shares. Furthermore, the total number of shares to be held by any one member is restricted to a certain percentage.

In companies, there is no limitation as to the amount of shares one can hold. There is therefore a class of

people who own more shares and are known as majority shareholders; and others who own few shares are known as minority shareholders. In a partnership, the members agree on the amount to be contributed by each one of them. There are no shares as such.

v) Distribution of surplus

In a co-operative society, profit is distributed in two stages as shown earlier on. Firstly, a minimal interest is paid on the shares and secondly, the balance is distributed according to the use one has made of the services of the society.

In a company, the rate of interest and the distribution of profit is strictly dependent upon the type of shares and the amount of money put in. The more shares one has the more interest one expects. A shareholder does not need to participate in the affairs of the company.

For a partnership, distribution of profit depends on the amount of money contributed by an individual. The more one contributes, the more he expects from the partnership. There is no relationship between participation and the disposal of profit.

COMPARISON OF CO-OPERATIVES AND OTHER BUSINESS ORGANIZATIONS

	OBJECTIVES	FORMATION	MANAGEMENT	SHARES	PROFIT DISTRIBUTION
CO-OPERATIVE SOCIETIES	Co-operatives render goods and services to members at reasonable price.	<ul style="list-style-type: none"> <li>- Minimum number of persons is ten. No upper limit</li> <li>- Age is limited</li> <li>- Membership is open and voluntary</li> </ul>	<ul style="list-style-type: none"> <li>- There is democratic control of the affairs of the society. Each member is entitled to one vote.</li> </ul>	Value of shares is fixed. The total number of shares an individual member can buy is limited to a certain percentage	Share receive minimal interest. Distribution of profit depends on the use made of the services of the society.
COMPANIES	People form companies to make profit	<p>For a private company the minimum number is two and a public company the minimum number is seven.</p> <p>There is no age limit. Membership in most cases is restricted.</p>	<p>The majority shareholders have greater say in the affairs of the company, The number of votes one has depends on the number of shares.</p>	There is no limitation as to the number of shares an individual can purchase.	Rate of interest and distribution of dividends is based on the amount of shares one has. The greater the number, the more the dividends.
PARTNERSHIP	Partnership are profit making organizations.	<ul style="list-style-type: none"> <li>- Minimum number is two and the maximum is limited to fifty.</li> <li>- Membership is restricted.</li> </ul>	<p>Each partner is an agent of the other. The voting power is determined by amount contributed.</p>	The partners agree on the proportion to be contributed by each.	Distribution of profit depends on amount contributed.

## CHAPTER 9

### GOVERNMENT AND CO-OPERATIVES

One of the principal duties of government is to bring about economic and social development. Co-operatives have been found to be important agents of economic and social development. It is well known that the best development process is that which involves self-help and co-operative action. Besides, the majority of the people in most developing countries have limited means to satisfy their basic requirements such as food, shelter and clothing. Through mutual help, these people can improve their lives. It is therefore not surprising that governments find it appropriate to resort to co-operatives as a means of social and economic development.

#### Functions of government

There are two functions of a government as far as co-operatives are concerned. These are the development and the legal functions. To carry out these functions, a government has to set up a department called the Department of Co-operative Development. In some countries, the department is a full-fledged ministry; in others, it is a section of a broader ministry. In most cases the department is headed by a Registrar of Co-operative Societies who is assisted by assistants at all levels of government service.

#### Development function

The development function involves the following tasks: Promotion of societies, supervision, advice, education and training.

#### Promotion

The task of promotion requires the Co-operative Development Department to make known the idea of co-operation. It would determine fields where co-operative societies can be established and assist groups of people to form viable co-operatives. It would also ensure that persons concerned in the ownership and management of co-operatives have adequate knowledge of what they should do to ensure success.

Development is a gradual process. It is the duty of the Co-operative Department to select fields where people can form



beneficial co-operatives. In agricultural communities, the most beneficial co-operatives are often those which help the people to increase production and to market their produce. In wage-earning communities, consumers and savings and credit societies are more appropriate. Among the urban unemployed, a society to help the people to employ themselves by small-scale industry would be appropriate. Very often, people are not able to articulate their own needs. It is the duty of the Co-operative Department in consultation with other government and non-governmental agencies to find out the people's most urgent needs and advise them on the most appropriate co-operative action.

Modern co-operatives have existed for less than fifty years in Africa. It is therefore necessary for government to give guidance on their management, especially since the knowledge of modern business methods is scarce or even non-existent among the masses of the people. This requires the Co-operative Department to ensure that the persons concerned in the management of a co-operative know what to do.

#### Supervision and advice

The Co-operative Department has to inspect the operation of societies to see to it that they function according to co-operative principles. The aim of supervision is not to punish those who do not do what is required. Supervision should aim at finding out what advice should be given. In fact, inspection and advice should go hand in hand. Societies require advice on co-operative practice and business management.

#### Education and training

Education and training can take the form of ad-hoc counselling of members, committee and staff by members of the Co-operative Department. It can also take the form of centrally run courses.

#### The legal function

Each government has found it desirable to make laws to guide the running of co-operative organizations. The law gives government a wide range of tasks. The tasks include: registration; audit; inquiries and inspections; approval of liability and investments; approval of disposal of profits; settlement of disputes; cancellation and liquidations.

According to the law, a society can be registered only if it fulfils certain conditions. It is the duty of the Registrar to see to it, that a society seeking registration has fulfilled the laid down conditions.

Small societies are often audited by the staff of the co-operative department. This saves them money as they are then able to pay only a small audit fee. According to the law every co-operative society must be audited every financial year. The Registrar has to ensure that even those co-operatives which are audited by commercial auditors conform with the law by filing certain returns.

The government has the duty to see that co-operative leaders and managers operate the co-operatives in the best interest of their members. If the situation in a co-operative society is seen to be deteriorating, the government may make an inspection or an inquiry into the affairs of that society. In each case, the aim is to find out what is wrong and provide solutions.

The law requires that before a society borrows from people and institutions who are not members, approval must be given by the Registrar. This is intended to protect members' interests. The committee would for example, recommend certain amounts and where to borrow. The recommendation may be accepted or rejected by the general meeting. In case it is accepted, it is sent to the Registrar for approval.

If at the end of its financial year a society had made a profit, it is required by the law to seek the Registrar's advice as to how to spend it. The law requires that a certain percentage of the surplus must go to the reserve fund, and another to education fund. The Registrar may make reductions on these allocations. He also has to approve the other disposals of the profits - including payment of interest on shares, and bonus for patronage.

It is predictable that there may be disputes involving the affairs of the society. These disputes could be among the members, between members and employees or between one society and another. In such cases, these disputes are settled by the Registrar.

CHAPTER 10  
A BRIEF HISTORY OF CO-OPERATIVE  
MOVEMENT IN BOTSWANA

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Pre-independence period

The history of co-operatives in Botswana goes as far back as 1910. It was during this year that a Proclamation Act enabling farmers to form Farmers Associations was passed.

Farmers had problems in marketing their agricultural produce, and therefore, they saw farmers associations as an answer. The main aim of these associations was to help small farmers to transport their produce to traders and get reasonable prices. It would have been costly for one farmer to hire a big truck to transport a few bags of beans or maize and therefore, associations helped them to share costs equally.

The Proclamation Act was replaced by the Co-operative Societies Act in 1962. The first co-operative society, Swaneng Consumers Co-operative was registered in 1964. Many other co-operative societies were also formed around that time.

In 1965 a Trust Fund catering for the development of co-operatives was established. All funds received for co-operative development were to be channeled through the Trust Fund. Most co-operative societies secured loans from the trust to start their business activities. Consumer societies in the rural areas, in particular started by using such funds.

After independence

The Trust Fund was later transformed into what is today known as Botswana Co-operative Bank. Membership of the bank comprises of primary societies. Loans from the government are channeled through this bank and these are mainly for capital expenditure.

It is difficult for co-operative societies to compete favourably with other private and long established institutions in getting loans. The Co-operative Bank, therefore assists co-operatives in financial matters. Other government credit schemes have been conveniently channeled through the Botswana Co-operative Bank. The bank also acts as a national organization for Thrift and Loan Societies (Savings and Credit Societies).

In order to ensure a constant supply of necessary items, the Botswana Co-operative Union was formed. This the apex whole-sale organization for the co-operative movement in the country. The union renders services such as distribution of consumer goods, agricultural requirements, livestock inputs and building materials. These goods have, for quite a long time, been sold to primary societies on credit until such a time that some societies were too relaxed to repay. It was therefore found necessary that societies should pay cash for all goods supplied.

The success and smooth running of trading societies (consumer, marketing and multi-purpose co-operative societies) is owed to the Botswana Co-operative Union. Most of these societies deposited their money with Botswana Co-operative Union. This meant that financially stronger societies were financing the weaker ones. This is true when considering the fact that those societies indebted to the union could still get goods on credit while others were having credit balances with the union.

It is the government's policy to promote the formation of co-operative societies to enable Batswana (the people of Botswana) master their own destiny. Co-operatives play a major role in the promotion of economic and social development of the entire population. They promote self-reliance and have been seen as a means of improving the standard of living of the people especially those in the rural areas. The movement is at present providing jobs to some 1000 people. Co-operative societies have also helped to a large extent, the removal of the middlemen in the cattle marketing who were practically exploiting the masses in the rural areas.

Co-operative societies have turned out to be the only large business organizations owned by Batswana. Co-operative societies have been used as a channel for locally produced goods to customers.

The Department of Co-operatives has been established to promote and develop co-operative societies. It is charged with the following responsibilities:-

- to administer the Co-operative Societies Act;
- to audit and supervise co-operative societies;
- to educate and train members and staff;
- to register and liquidate societies; and

- to settle disputes involving co-operative societies.

### Types of societies

There are four main types of co-operative societies in Botswana. These societies are located throughout the country, mostly in the rural areas. The four types are:-

Marketing: Marketing societies were established to avoid the middlemen who made profits from farmers' produce. Presently marketing societies are providing over 22% of the total Botswana Meat Commission throughput.

These societies provide members with agricultural and live-stock inputs. They also advance credit to members to enable them to buy agricultural tools, implements, seeds and vaccines to improve production.

Members' produce is collected and sold in bulk to have access to efficient market system to get fair prices.

Consumer: Consumer societies provide members and the public with consumer goods. They provide members with better services and give bonus when they have made profit.

Thrift and loans (savings and credit): Thrift and loans societies provide members with savings and borrowing facilities. They therefore, promote members' economic interest by encouraging savings.

Multi-purpose societies: These societies combine services of a marketing and consumer society. They receive produce from members for resale. They provide members with consumer goods and agricultural inputs.

There are other societies with specialised services and these are:-

Fishermen's co-operative societies: Members bring their fish to the society for sale to the public.

Handicraft producers: Members produce tapestry and weaved goods.

Dairy co-operative: Members bring milk for resale after it is pasturised.

Silver Smith producers: They are concerned with production of Jewellery.

Horticulture co-operative societies: Production and sale of vegetables.

# Cooperative Structure in Botswana

## Secondary Societies

(with primary societies as members/owners)

### BOTSWANA COOPERATIVE BANK

Services:

- Accepts deposit from societies
- Give loans to societies
- acts as apex for Thrift & Loan Societies
- Promotes co-operative savings and credit activities

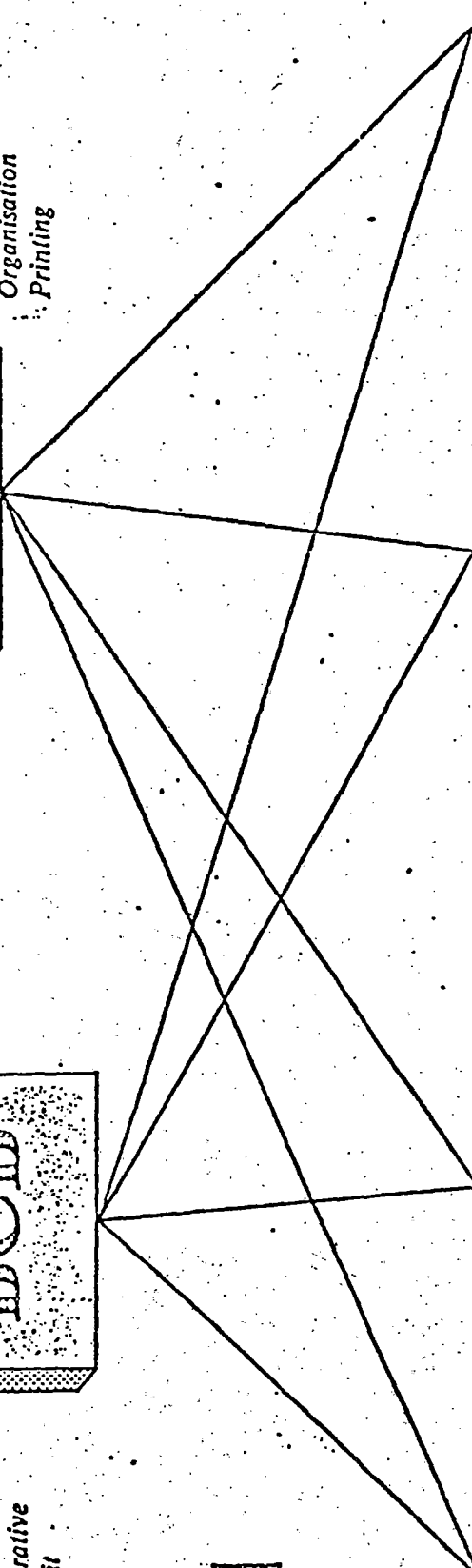
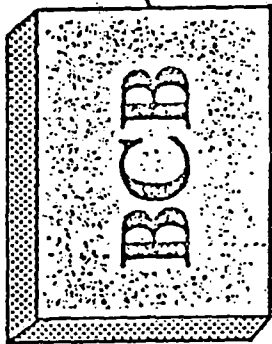
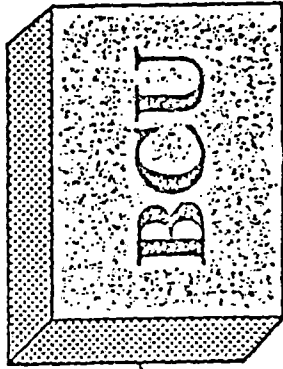
## Primary Societies

(with individuals as members/owners)

### BOTSWANA COOPERATIVE UNION

Services:

- Wholesaler of consumer goods and farm inputs
- Livestock Marketing services
- Insurance Agency
- Members Education & Publicity
- Policy and relations as National Cooperative Apex Organisation
- Printing



Thrift & Loan Societies	Consumer societies	Marketing & Multipurpose Societies	Other
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- Accept savings
- Give loans

- Supply all kinds of consumer goods in shops that vary from small counter-service to big Supermarkets

- Market Livestock
- Sell farm inputs
- Give credit
- Market crops to (BAMU)
- Sell consumer goods
- Milling of Sorghum

- Fishery
- Horticulture
- Weaving
- Dairy
- Silver - smith

## A BRIEF HISTORY OF CO-OPERATIVE MOVEMENT IN TANZANIA

### Introduction

The history of the co-operative movement in Tanzania, can be looked at in two major phases. These are the colonial and the independence periods. Each of these periods, is characterised by major policy changes which have affected the structure of the co-operative movement.

### The Colonial Period 1925 - 1961

Since the end of World War I, in 1918, Tanzania mainland, then Tanganyika and the islands of Zanzibar and Pemba, were under British colonial rule.

As early as 1925, there were voluntary associations observing co-operative principles operating in the mainland. The earliest association of this type was the Kilimanjaro Native Planters Association. It was an association of coffee growers on the slopes of mount Kilimanjaro. Legal recognition of these voluntary associations came in 1932 when the first Co-operative Law, was passed and the first co-operative society registered.

The colonial policy, reflected two distinct phases of co-operative development in mainland Tanzania:-

The first phase was known as the transitional phase. This was when the idea of modern co-operation was not well known and people lacked local initiative to form co-operatives. Promotional work had to be done by government co-operative officers.

The second phase assumed the success of the first phase and it was geared to reducing government influence on co-operatives. This phase aimed at allowing autonomous growth of co-operatives because through education, the people would have known the importance of co-operatives.

### Why Co-operatives?

Tanzania cash-crop growers found that co-operatives were important tools against middlemen traders. Trade in Tanzania was controlled by Asian middlemen who paid producers very little for



their produce. Farmers, therefore, formed co-operatives in order to avoid middlemen and get better prices for their crops. At the same time, the British government supported the formation of co-operatives because of the following reasons:-

Firstly, co-operative marketing was the easiest way through which cash crops such as coffee, cotton and tobacco, needed by British industry, could be collected from scattered producers. That is why the first co-operatives in Tanzania were organized in cash crop-growing areas such as Kilimanjaro, Bukoba, Ruvuma and Arusha. At the same time, British industry was facing difficulties in getting raw materials because of the economic depression. That being so, co-operatives organized in the colonies could cheaply provide the required raw materials.

Secondly, the colonial government was also interested in co-operatives because middlemen sold to marketing boards at higher prices and it became difficult for the government to tax marketing boards. It was therefore in the interest of government to remove middlemen from the market.

Co-operatives therefore established direct links between the government and the producers, and this reduced the costs of administering taxation. The government would compel farmers to pay their taxes at the co-operative society instead of following them to remote villages.

Thirdly, the colonial government considered co-operatives to be centres for self development. This was so because in co-operatives there is emphasis on member education, participation and the desire to raise the economic and social status of the members through their own efforts. The colonial government exploited this advantage in order to reduce its financial commitment to long term development of the country. Co-operatives could develop roads, build schools and other basic economic and social infrastructure.

#### Types of Co-operatives

During the colonial period, cash-crop marketing societies were predominant, while other types of co-operative societies such as consumer, savings and credit and transport co-operatives were negligible.

### Structure of the Co-operative Movement

The structure of the movement during the colonial period was a two-tier system. There were primary co-operative societies dealing with crop marketing affiliated to district unions. The existence of the two tier system during that period reflected the fact that the main objective of the co-operative movement was for crop collection.

### Independence Period 1961 - 1984

Towards the end of the colonial period, from 1950 onwards, co-operatives were not only playing their economic role, but they also gave moral and material support in the struggle towards independence. This role earned co-operatives government support after independence. The government recognized that co-operatives were the ideal institutions for social and economic development of the country. Co-operatives offered opportunities for the control of the economy by the local people. This attitude of the independent government resulted in the following decisions:-

Firstly, the government took deliberate steps in expanding the co-operative movement to areas where none existed. To achieve this, the 1932 Co-operative Law was amended in 1963 giving the Minister for Co-operatives sole responsibility for registration of co-operative societies. This resulted into a mushrooming of co-operatives in all regions without necessarily observing the basic requirements for sound co-operative societies.

The growth of societies after independence can be shown by the following statistics:-

<u>Year</u>	<u>Number of Societies</u>
1951	127
1965	1,508
1971	1,854

This rapid growth brought with it a number of problems:-

Firstly, the growth of trained manpower for co-operatives was lower than that of co-operatives. This was a reflection of inadequate preparation on the part of the government as the following statistics indicate:-

<u>Year</u>	<u>No. of Societies</u>	<u>No. of Trained manpower</u>
1960	691	157
1966	1,616	331

Among the 331 co-operative officers in 1966, only 137 were fully trained. The problem caused by this big growth of co-operatives was lack of member education and the existence of administrative problems within co-operative societies.

The second step taken by the government was the promotion of national co-operative structures and other types of co-operatives.

In recognition of the importance of co-ordination of co-operatives at national level, the Co-operative Union of Tanganyika (C.U.T.) was formed in 1961. With C.U.T., a three tier structure in the co-operative movement was established. At the base, there were the primary societies which in turn affiliated to district and later regional unions. These unions were affiliated to the Co-operative Union of Tanganyika - C.U.T.

The government further realised the need for a financing institution for co-operative development, hence, the formation of the Co-operative Bank with the Regional Co-operative Unions as members.

Furthermore, during this period other types of co-operatives were formed. These included:-

The Co-operative Supply Association of Tanganyika (COSATA) acting as a wholesale and supplier to the consumer co-operative societies. The other societies strengthened at this time were the savings and credit societies which formed their own apex organization called the Savings and Credit Union League (SCULT). Industrial co-operatives were also in existence but they had no apex organization and were not affiliated to any of the existing apex organizations.

The effort to diversify co-operative activity and strengthen the movement by establishing the necessary organizational and financial infrastructure shows the government's enthusiasm in the co-operative movement.

The co-operative movement continued to operate as shown above until 1967 when a major policy declaration was made.

This was the Arusha Declaration which in a nutshell, laid the theoretical basis for the development of a socialist economy in Tanzania.

According to the Declaration, Co-operatives were to play a major role in production. But the existing movement was predominantly marketing as we have seen. This brought a conflict between political goals as projected by the Arusha Declaration and the existing marketing co-operatives. In order to resolve the conflict the political leadership saw two alternatives:

One, was to reorientate the existing single purpose societies into gradually becoming multi-purpose societies also engaging in production. The other alternative was to restructure the movement so as to establish fresh multi-purpose co-operative societies. The second alternative was adopted in 1975, when the Villages and Ujamaa Villages (Registration, Designation and Administration) Act was passed.

According to this law, villages were deemed to be multi-purpose co-operative societies, and all affiliated to a national apex organization, the Union of Co-operative Societies (U.C.S.), thus establishing a two tier structure again.

The impact of the implementation of the second alternative was firstly to dismantle the co-operative movement based on single purpose societies in the rural areas and the regional unions. Secondly, the functions of the former co-operative unions, were taken by crop authorities and other public companies which were not owned or controlled by primary multi-purpose co-operative societies. The crop authorities were accountable to the government and not to the co-operative societies.

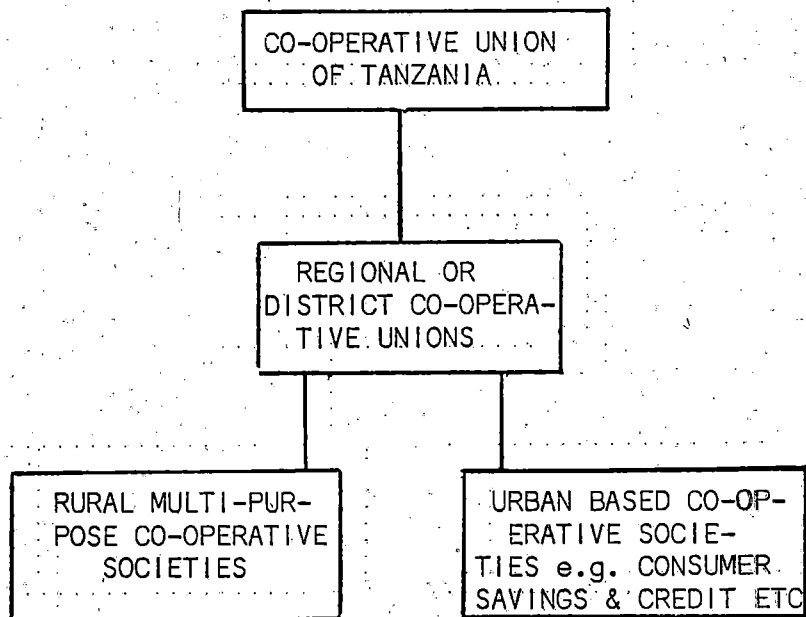
This created many problems to farmers. The problems included, late or non-collection of produce from villages, late payment to farmers, late or non-delivery of farm inputs and farmers carrying overall administrative costs of crop authorities.

On top of all these problems, the farmers had no forum to air their views as they used to do when they had their co-operatives. This demoralised them and led to low productivity in agriculture.

Although farmers were unco-ordinated, they expressed great dissatisfaction coupled with other national problems such as failure in performance of parastatals and other public institutions, the government in 1980 was forced to reconsider the re-establishment of a three-tier co-operative structure. It was not until 1982 that a new Co-operative Societies' Act was passed and a fresh registration of societies began at all levels.

The following is the expected structure of the new co-operative movement in Tanzania:-

EXPECTED STRUCTURE OF THE CO-OPERATIVE MOVEMENT



## BRIEF HISTORY OF CO-OPERATIVE MOVEMENT IN UGANDA

The development of Co-operative Movement in Uganda can be traced as far back as 1913. By that year the traditional barter economy had changed to a partly cash economy. Cotton and coffee had successfully been introduced as cash crops; towns had sprung up and town dwellers who could not grow their own food now bought foodstuffs by paying cash to the farmers. Above all, consumer goods such as clothing, bicycles, sugar etc, had been introduced to the indigenous people. To acquire these goods farmers had to sell their agricultural produce for cash and then buy the goods.

### The Kinakulya Co-operative Society

It must be pointed out that at the beginning, the marketing of agricultural produce was exclusively in the hands of foreigners who would easily cheat the indigenous peasant-farmers since the peasants could not read and write. In 1913 four peasant farmers in Singo county of what is now known as Mubende district decided to market their crops co-operatively. They became known as the "Kinakulya Growers". Encouraged by increasing crop production other such marketing groups of farmers sprung up. In 1920 five groups of farmers in what was then Mengo district formed what they called the "Buganda Growers Association". The association was originally intended to voice the opinions of farmers to the Government. In 1931 the Buganda Growers Association attempted to market cotton but results were discouraging and in the following year, the association abandoned the idea of engaging in the marketing of cotton. In 1933, following external guidance, the Buganda Growers Association reconstituted itself as the "Uganda Growers Co-operative Society" taking on the marketing of cotton as one of its main objectives. Members of this society were groups of farmers in their respective areas. In 1935 these groups formed themselves into co-operative societies, and their representatives meeting in Kampala reconstituted the Uganda Growers Co-operative Society into the Uganda Growers Co-operative Union.

The use of the terms co-operative society and co-operative union was not taking into account the legal requirements. Up to this time there was no legal basis under which co-operatives could be formed and registered. In order to have legal recognition many

of them registered as partnerships under the Partnership Ordinance or simply as business concerns under the Business Names Ordinance. In 1935, following an appeal by Uganda Growers Union, the government tried to make a law under which co-operatives could be registered and operate. But when the draft bill was taken to the legislative council, representatives of vested interests, who viewed co-operatives as creating a threat to their interests argued successfully, that it was premature for the government to introduce co-operatives in Uganda.

#### Studies on Introducing Co-operatives

In 1938 the government appointed an officer to look into the whole question of promoting the development of co-operatives. This officer, after touring Western Europe, West Africa, Ceylon (now Sri Lanka) and Tanganyika (now Mainland Tanzania) recommended that the government should set up a "Board of Rural Welfare" which would operate through "provincial and district welfare committees". Furthermore, he stressed that co-operative education should precede development; and that development of the co-operative movement in Uganda could be based on a type of "better farming" society. The government considered this report briefly in 1937; but it was then interrupted by the second world war (1939-45) and there was an indefinite postponement.

At this time there were twenty six co-operative associations affiliated to the Uganda Growers Co-operative Union, fifteen of which were active. There were other marketing societies which were not affiliated to the Union and two consumers' co-operative societies.

In 1944, the government invited Sr. W.H.K. Campbell, late Registrar of Co-operative Societies in Ceylon (Sri Lanka) and adviser on co-operatives to the League of Nations (What later became the United Nations Organization U.N.O.) to undertake a comprehensive study of co-operative development in Uganda. Campbell found that conditions in Uganda were very favourable for co-operative development. He recommended that government should pass legislation and appoint a Registrar immediately in order to control the numerous co-operative groups which were already in existence.

#### The First Legislation

Following his recommendations, Campbell himself drew up the draft legislation which was introduced in the Uganda Legislative

Council (LEGCO) at the end of 1945. Before the legislation was enacted, a "draft model co-operative societies bill" was received from the colonial office. Some amendments were made in the draft bill which had been drafted by Campbell; and eventually passed by the LEGCO on the 19th February, 1946. It came into force on the 1st September 1946. Thus the Co-operative Movement was born; and the Co-operative Department headed by the Registrar/Commissioner was set up with the tasks and duties of registering, supervising, auditing, arbitrating, and when necessary, dissolving all co-operatives in Uganda.

#### Teething Problems: 1946 - 1953

It would be expected that since semi-co-operative organizations existed prior to the formal birth of the movement; and since there had been agitation for the legislation on which co-operatives would operate, there would be rapid registration of co-operative societies. Registration of societies under the new law was extremely slow and laborious. At the time when the new law came into force there were about 75 organizations of a co-operative nature; of which over 50 were agricultural marketing societies, 8 were shopkeepers' (supply) societies, 6 were consumers' societies, and the rest were miscellaneous societies, such as fishermen's (mainly for the supply of nets), cattle and dairy societies, and one thrift (savings) society. Most of these societies were not being run on proper co-operative principles. They had no proper by-laws. Their books were either non-existent or were being improperly kept, and in general the societies were operating on non-business lines. Some of the societies had been registered as limited companies under the Companies Ordinance; others were simply either partnerships or mere business names operating as co-operatives without conforming with the essentials of a co-operative organization.

It was the prime duty of the new Co-operative Department to turn these organizations into true co-operatives.

The first society, the Namutamba Growers Co-operative Society Ltd was registered on 30th July 1947. It was an agricultural marketing society. By the end of the year, three traders (supply) societies had been registered. By the end of 1948, twenty six societies had been registered, one of which was the first registered consumers' society. During the same year, the Uganda Growers Co-operative Union had obtained registration as the first co-operative union.



While registration of co-operative societies was going on at a slow pace, many unregistered groups were springing up rapidly and by the end of 1948 unregistered groups numbered about 175. Many of the groups had been started by one or several of the more wealthy farmers who actually wanted to reap the obvious profits in the marketing of crops by themselves replacing the alien middlemen buyers. Such farmers were joined by loose masses of peasant producers who were mainly unregistered members and having no shares or in some cases, even being mere tenants of the former, who just agreed to market their crops through the group.

There was, thus, obvious resistance for the groups to register as true co-operatives as this would have led to loss, by the groups leaders of their privileges. There was also reluctance to register under the new legislation because of mistrust of government's intentions. Some leaders of the groups thought that the government was promoting co-operatives as organizations to serve it rather than the people.

### Inquiry

In an attempt to rectify the situation in 1952, the government appointed a Commission of Inquiry into the progress of the co-operative movement and to recommend measures that might be adopted to make the existing legislation effective, and any amendments, that might be made to it in order to enable all existing genuine co-operative groups of growers to register. The commission found that the existing law was imposing too much government control on co-operatives. It recommended amendment of the Ordinance and the setting up of a Co-operative Development Council to which co-operatives would be represented.

### Rapid Progress 1953 - 1961

Arising out of the commission of inquiry's recommendations, the Co-operative Ordinance was amended. In the same year (1952) the government sought to enable Africans to participate in trade and industry by allowing co-operatives to purchase existing ginneries. The policy was that for the following five years up to 20 ginneries could be acquired by those co-operative unions which could raise from their own resources 1/3 of the purchase prices of the ginnery, and whose members could produce in seed-cotton the equivalent of 2400 bales of lint per annum. The remainder 2/3 of the price would be loans by government to be paid by the union over a period of 30 years. Later similar arrangements were made for the unions to acquire coffee factories.

The acquisition of ginneries and coffee factories generated an unprecedented wave of formation and registration of co-operative societies and unions. The staff of the Co-operative Department and leaders of the co-operative movement worked together forming societies all over the country and forming unions which would acquire ginneries and factories. The following figures depict the rapid growth of the movement since 1950.

<u>Year</u>	<u>No. of Societies</u>	<u>Members</u>
1950	273	25,000
1955	1,110	117,000
1960	1,638	212,000
1965	1,859	450,000
1970	2,274	700,000

By 1961 the unions which had been formed on district basis were able to form national organizations to serve them. In 1961 alone the Uganda Co-operative Alliance was formed to carry out education and to act as the spokesman of the movement; and the Uganda Central Co-operative Union was formed to supply agricultural and industrial inputs.

#### Independence and After

When Uganda attained independence on October 9, 1962 the co-operative movement was well established, especially in the marketing and processing of agricultural products. The post-independence (UPC) government sought to further consolidate the position of the movement to enable it to play a central role in the economic and social development of the country. In the first five-year development plan, the government stated: "An integrated part of the government's policy for agriculture is its policy of helping the co-operative movement in the sphere of crop marketing and agricultural credit. Through the movement the small scale farmer is enabled:-

1. to take part, through his own co-operative society in the marketing and local processing of the fruits of his labour and to benefit from that participation.

2. to practice thrift through co-operative organizations, thus proving a medium for mobilizing local savings to finance, at least in part, the marketing, processing and credit activities of the co-operative movement."

From then onwards, the agricultural marketing co-operatives were used as channels of credit to farmers. This made them even more popular, thus attracting more members. Co-operative business was simplified and co-operatives made large profits (surpluses) some of which were used to finance various community projects in the villages.

Efforts were also made to diversify the movement. Up to 1960, emphasis had been placed on the promotion of agricultural-based co-operatives. Now conscious effort was made to promote co-operatives of all types, such as consumers', savings and credit, handicrafts and small-scale industries. By 1970 the co-operative movement in Uganda proved itself a very dependable vehicle of development so much so that in a major policy statement, the President (A. M. Obote) indicated that Uganda would be transformed into a "Co-operative Republic."

#### Co-operatives under military Rule 1971-73

The progress of the co-operative movement seemed to come to a grinding halt when the military regime took over government in January 1971. The military rulers mismanaged the economy. Production of major cash crops declined tremendously, plants and machineries broke down and vital spare parts could not be found; vehicles broke down and transportation became inadequate; the manpower of the movement was dissipated as many co-operative leaders and personnel were either killed or fled the country. The movement however, kept going, albeit at a very reduced capacity. Some unions were operating at about 10% of their original capacity.

#### Reconstruction since 1980

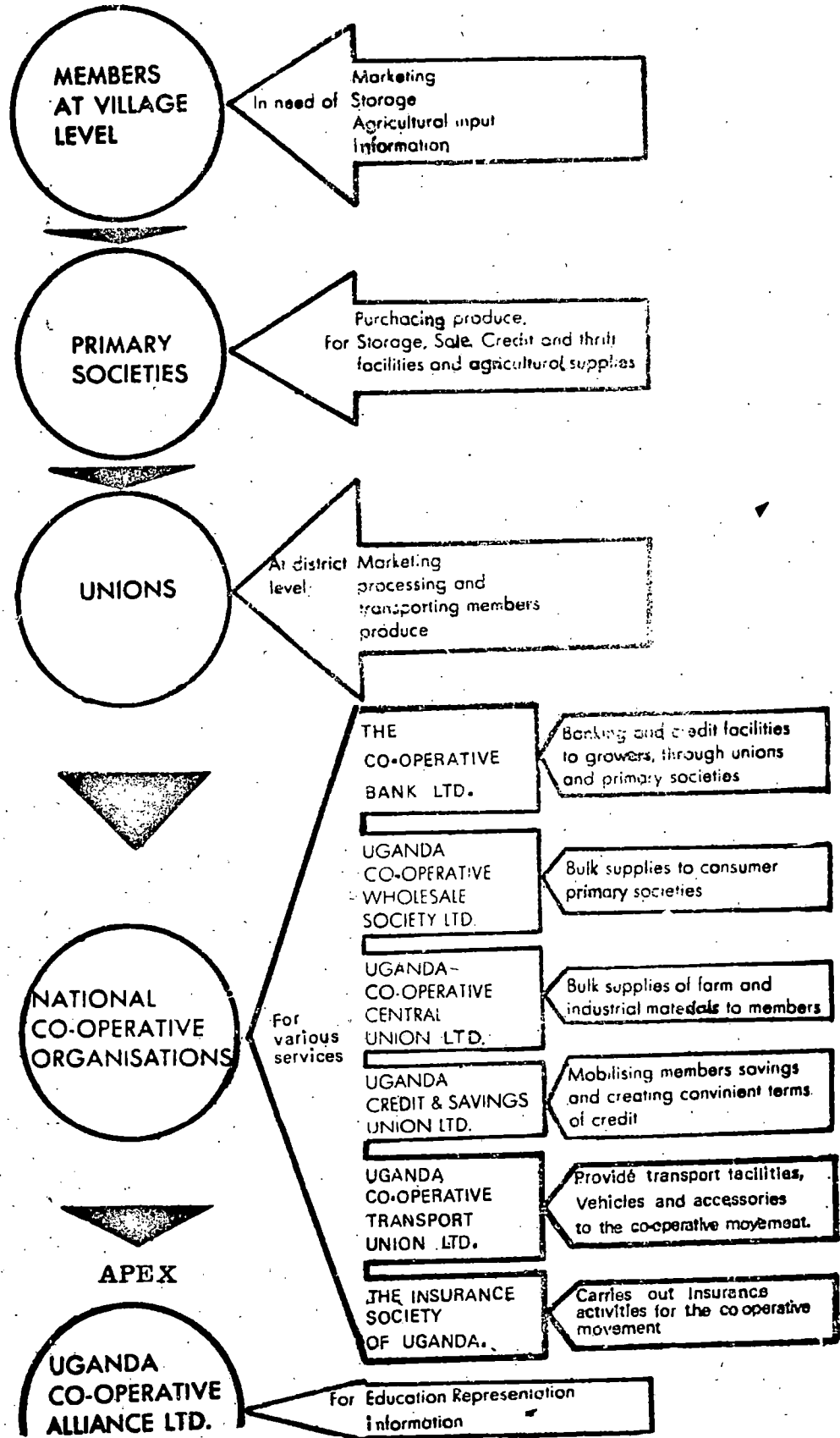
The great task now facing the movement is that of rehabilitation and reconstruction. Farmers must be induced to grow more crops, personnel must be trained. Buildings, plants and equipment must be repaired.

As an inducement for farmers to grow more crops - especially exportable cash crops, the government has increased prices paid to farmers in line with the movement in the international markets. Because of this, prices of cotton and coffee have risen ten times since 1980.

Coffee is the chief foreign exchange earner for Uganda. It has therefore been imperative to give priority to the rehabilitation of coffee farm and coffee marketing co-operative organizations. With the help of the European Economic Community, the government has initiated a programme to help farmers to clear their coffee plots and control weeds and pests. The programme is also aimed at rehabilitating the existing coffee factories and the construction of new ones.

Running side by side with the EEC coffee rehabilitation programme is the Food Production Programme. This programme is financed by the United States Agency for International Development (USAID) and is aimed at providing co-operative farmers with basic farm inputs and co-operative education and training at all levels.

# THE STRUCTURE OF CO-OPERATIVES IN UGANDA



## A BRIEF HISTORY OF THE CO-OPERATIVE MOVEMENT IN ZAMBIA

### Co-operatives Before Independence

Co-operative societies were first formed by European settlers in 1914. The peasant co-operatives did not start until the late forties. The colonial government initiated them in order to deliver peasant agricultural produce to urban areas. The main type of co-operative societies therefore became Agricultural Marketing Co-operatives.

### Co-operatives After Independence

#### Formation of co-operatives 1964-1970

When Zambia got independence in 1964, it faced many problems, such as rural-urban migration, the stagnation of rural areas and growing unemployment needed solutions. Co-operatives were regarded as ideal institutions in solving these problems.

In January 1965, Zambians were urged by the government to form co-operatives. Between 1965 and 1970, the number of co-operatives therefore rose from 212 to 639, an increase of approximately 200%. Most of these were communal farming, building, sawyers, brick-making, charcoal burning, fishing, piggery and credit and thrift co-operatives.

Many of these co-operatives did not succeed because of lack of proper planning, managerial skills and supervision. However, some marketing unions survived this era. These were: Southern Province Co-operative Marketing Union, Eastern Province Co-operative Marketing Association and Northern Province Co-operative Union.

#### Re-organization of Co-operatives after 1970

A National Co-operative Conference was organized in 1970 to look into the problems of the co-operative movement.

The recommendations that came out of the conference were accepted and recognized as a right basis for co-operative development. Some of the recommendations were; that more education and training be given to the members, the board of directors and the personnel of co-operative societies. This would prepare them

adequately for efficient management of the co-operatives in the country. Apart from education and training, feasibility and viability studies were to be carried out before and after registration of a co-operative society. It was also recommended that multi-purpose co-operatives and the integration and amalgamation of co-operative societies should be encouraged where necessary.

As a result of the recommendations of the 1970 conference, co-operative education and training is now offered at the President's Citizenship College, the Zambia Co-operative College, Katete Co-operative Centre and at Farm Training Institutes in the provinces. Emphasis has also been put on the formation of multi-purpose co-operatives. The multi-purpose co-operative societies in each of the nine provinces of Zambia went on to form Provincial Co-operative Marketing Unions.

In 1973, the Provincial Co-operative Marketing Unions, together with other types of unions, formed the movement's apex organization. This apex organization is the Zambia Co-operative Federation.

In 1980, the government gave directives to all Provincial Co-operative Marketing Unions to take over the supply of agricultural inputs and the marketing of produce from a parastatal organization called National Agricultural Marketing Board (NAMABOARD). The main aim was to give farmers more economic control of agricultural supply and marketing functions. NAMABOARD had also become inefficient and very expensive to run.

THE STRUCTURE OF CO-OPERATIVE  
MOVEMENT IN ZAMBIA

