



A Peep into the History and Experiences of the Cooperative Movement in Zambia

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ABSTRACT

This study is a reflection on the history and experiences of cooperative movement in Zambia in three stages (the colonial era, from 1914 to 1963, the post-colonial era from 1964 to 1990 and the cooperative movement in the liberalized economy in Zambia, from 1991 to present). The study used secondary data from various studies. The thrust of this study explored the history and experiences of cooperative movement in Zambia and how the economic and political changes affected the cooperative movement in Zambia. This information is very critical, especially to those who would want to enhance and harness the cooperative movement in Zambia. Emergent from this study is the continued political and economic influence on cooperatives. Cooperatives were noted to be struggling to cope with the stiff competition, which was due to the liberalization of the economy in the country. The current poor performance by cooperatives was attributed to the failure to swiftly change from the 1964 to 1991 era, where cooperatives were operating as channels for distrusting government resources in a closed economy. Thus, it is recommended among others that, Government should stop the issue of imposing projects on the cooperative communities, business ideas should come from the cooperatives members themselves as a way of entrenching business ownership. In addition, cooperatives societies should start being innovative in order for them to be able stand the stiff competition which is due to the liberalization of the economy.

Keywords: Experiences; Colonial; Cooperative Movement; liberalization; Zambia

CONTEXT

This is an extract from the Thesis of the Principal researcher on the History and Experiences of the Cooperative Movement in Zambia. As a requirement for the award of a PhD at the University

of Zambia (UNZA) in partnership with the Zimbabwe Open University (ZOU), students are required to conduct a research study that culminates into a Thesis [1]. The UNZA-ZOU partnership has been running since 2014 via the distance learning mode. The University of Zambia is configured in a dual mode (regular and distance education modes), [2], [3] and [4].

Cooperative societies have been in existence in Zambia for some time now, even before independence in 1964, cooperatives were there [5]. The existence and growth in the number of cooperative societies in Zambia is attributed by a number of factors ranging from easy access of inputs, bargaining negotiating power, improving the purchasing power and collective production of products and services. The main reason why cooperative exist, is to eliminate or reduce the poverty levels especially in developing countries like Zambia [6]. Cooperatives unlike many other forms of organizations, they operate under a dual mission (social-economic mission), implying that, they need to provide for the needs of the community (in order to attain the social mission), and at the same time, they need to sustain themselves as an organization (in order to attain the economic mission). Mostly, cooperatives operate in communities where the members are neglected, don't have capacity to purchase, don't have access the product or a service, so, the cooperative come in to fill the gap and provide a product or a service at a compromised price the community members (provide social service) [7]. At the same time, the cooperative need to keep on operating [8]. The performance of cooperatives is highly linked to the economic and political environment, implying that, any changes in political or economic environment will always have a positive or negative impact on the cooperative movement [9]. Zambia has transformed severally in both economically and politically, and this gives different experiences to the cooperative movement. This paper tries to explain the history of the cooperative movement in Zambia, starting from the colonial era (1914-1963), to the Post-colonial era (1964-1990) and liberalized economy (1991-present).

COOPERATIVE MOVEMENT IN THE COLONIAL ERA IN ZAMBIA (1914-1963)

The history of the cooperative movement in Zambia can be traced to the colonial era. This is where the North West Rhodesia Farmers' Cooperative was established and registered as the first cooperative by the Registrar of the High Court on 16th October, 1914. The European settler farmers formed this cooperative as a means of marketing agricultural produce to the newly opened Copper Mines in the Copperbelt of Zambia and Southern Zaire. The cooperatives that were later formed were largely restricted to the Eastern and Southern Provinces of Zambia [10]. Despite the colonial policy of trying to protect the interest of the European settlers, several cooperatives also emerged among the small-scale African farmers. In 1947, the colonial government was forced to recognize cooperatives amongst indigenous Africans under a Cooperative Ordinance. This was followed by the formation of a Government Department, the Department of Marketing and Cooperatives in 1948, for the registration and regulation of cooperative enterprises. This was despite the fact that the formation of agricultural cooperative societies by Africans was not permissible as Africans were not legally recognized as farmers. Because the licensing order was defining a farmer as a person other than; An African or; Any company or body of persons where the controlling interest was held by Africans [11].

COOPERATIVE MOVEMENT IN THE POST-COLONIAL ERA (1964-1990)

After gaining independence in 1964, the Government of the Republic of Zambia (GRZ) embarked on the promotion of cooperatives throughout the country to enhance various economic and social ventures. At that time, the government was viewing cooperatives as a large

mechanism for rural community development. According to [12], the government facilitated the formation of cooperatives through the department of marketing and cooperatives to: (i) Stimulate members of local communities to participate in economic activities: (ii) equitably distribute financial resources to all rural areas: (iii) To use cooperatives as economic tools for quick development: (iv) Use cooperatives as goals for the implementation of government policies (Pinto, 2009). At independence, the registered cooperatives were 500, but through the government sponsored initiative and donor's financial support, the number doubled to 1000 after 10 years in 1973 [10]. Currently, cooperatives are still being used for distributing farming inputs and equipment to throughout the country [13].

With this background and with the continued obstacles to the formation of cooperatives by Zambians, it was not surprising that the Northern Rhodesia Farmers' Union at Independence in 1964 was essentially a union for the European commercial farmers. It was recognized as the only representative organization for the farming community in the country [12]. 50 Immediately after independence the Zambian Government embarked on the active promotion of cooperatives throughout the country and for many types of economic and social ventures. Cooperatives at that time were largely viewed as a mechanism for stimulating rural development and not necessarily as institutions for meeting the economic and other needs of their members. This status on cooperatives was further reinforced by the policies of central planning which were actively pursued in Zambia at that time [14]. Thus, in 1965, the country witnessed a massive registration of cooperatives in all provinces. This was necessitated by the abolition of the prohibitive colonial legal framework as the United National Independence Party (UNIP) government's policy was to enhance massive rural and agricultural development through cooperatives. As a result, through the Government sponsored initiatives and often with support from the donors, primary societies were formed in all parts of the country. While many of those cooperatives were based on genuine grassroots mobilization, others were established mainly to take advantage of the assistance that was available. From a total of about 500 cooperatives at independence, the number approximately doubled in less than 10 years to about 1,000 in 1973. Secondary cooperatives, in the form of cooperative unions, were formed in the Southern, Central and Eastern Provinces during this period [10]. As the number of primary and secondary cooperatives continued to increase, it became clear that there was need to also create a national organization. This resulted in the formation of the Zambia Cooperative Federation (ZCF) in 1973, as the cooperative apex organization in the country. The ZCF was charged with the responsibility of coordinating the development of the cooperative movement in the country. In 1983 cooperatives were declared a mass movement by Zambia's sole political party, UNIP. Through this measure, which included cooperative representation in the highest decision making body of UNIP, the cooperative movement became affiliated to the party [12]. Therefore, in 1983, the Ministry of Cooperatives was created and given the responsibility of cooperative policy formulation. The Ministry included the Department of Marketing and Cooperatives and the Cooperative College, which had been established with donor funding in the early 1970s. In 1984, the Government adopted a deliberate policy and formed Provincial Cooperative Unions (PCUs) in all the then 9 Provinces of Zambia. As a result, 6 unions were formed in addition to the 3 that were already in existence.

The main function of the PCUs was agricultural marketing, initially as agents of the National Agricultural Marketing Board (NAMBOARD) [10]. However, the new PCUs were formed out of external influence, thus did not have a strong backing from primary cooperative societies.

Notwithstanding this, primary cooperatives were obliged to buy shares from those PCUs. This process contributed to the erosion of cooperative autonomy and self-reliance. It was by then clear that the UNIP government had assumed the undisputed leading role in the formulation of cooperative policy and the development of the cooperative structure. In 1988, as a result of lobbying from the cooperative movement, the government took away the maize marketing function from NAMBOARD and gave it to cooperatives across the country. In this regard, NAMBOARD was given a new responsibility of importing fertilizer and the maintenance of the strategic maize reserve for the country [11]. The following year, in 1989, NAMBOARD was abolished and all its functions were transferred to the ZCF. In the same year, the government formed District Cooperative Unions (DCUs) countrywide [10]. During this period, there was increased dependency of the cooperative movement on the government. The fact that cooperatives were handling Maize as a country's staple food crop, this made them to be seen as important contributors towards the overall rural mobilization and agricultural development [15]. This was at the expense of cooperatives being member based business organizations. This perception on cooperatives was incorporated into national development plans that were drawn up by the government. As a result, cooperatives were used by the government and donors, as instruments for general social and economic development in rural areas [12]. It is against this background that the government's interference in the running of cooperatives became institutionalized. In this case government set the economic parameters for the cooperatives, involved itself in the financial and other operations of the cooperatives at all levels. The government further intervened and made organizational and personnel changes thereby overriding the democratic control of members by cooperatives

COOPERATIVE MOVEMENT IN THE LIBERALIZED ECONOMY IN ZAMBIA (1991-PRESENT)

The move by the Government to liberalize the economy in 1991 was in line with the World Bank prescribed Structural Adjustment Programme [16]. This brought an end to the era of government sponsored and controlled cooperative development. The role of government shifted from direct involvement in the day-to-day activities of cooperatives, to providing an enabling environment in order to facilitate trade liberalization. This meant that the agricultural cooperatives lost the market monopoly they had and were consequently exposed to competition, something to which they were not accustomed or prepared [12]. The ZCF was negatively affected by these reforms, particularly with regard to its capacity to effectively oversee the development of the cooperative movement. The reforms have since reduced ZCF's ability to raise sufficient income to provide the services that it used to under government support. The dwindling cooperative services have in turn changed the people's perception of the relevance of cooperatives in their economic activities [17].

This era came with a lot changes, opportunities and challenges to the cooperative movement [16]. The waste of its kind was the selling off of government institutions to private individuals. Some of the institutions sold were directly linked to the support of cooperative movement development like National Agricultural and Marketing Board (NAMBOARD) [15]. This era also introduced stiff competition on the cooperative enterprise activities, as almost all the business activities were given to the private entities and moreover, the business activities were open to the local and international entities to free participate. This was a challenge to the cooperative movement, because, they needed to rebrand themselves, and this needed a lot of innovation for

them to stand the competition. In this new era, the cooperatives needed a lot training for better skills and knowledge for them to survive [11].

Since 1991 to date, the struggle to revamp the cooperative movement in Zambia has been real. To date, the majority of cooperatives are still struggling to enterprise, and thus making it very difficult for them to contribute to the livelihood improvement of the members [11]. So many initiatives have been deployed to try and enhance the cooperative enterprising, one of which is by lobbying for funds from the donors and also by coming up with deliberate programmes like Farmer Input Support Programme (FISP), the programme that gives smallholder farmers subsidized inputs. This programme has been there since 2002, with its main objective of sustaining the growth smallholder farmers and eventually contribute to livelihood improvement in terms of the income levels and food security. Unfortunately, Farmer Input Support Programme has not achieved the above stated objective. Currently, the programme seems to be more of contributing to national food security than contributing to the food security and income levels to the smallholder farmers [11].

Slowly, the government is getting back the full control of cooperative movement [16]. In trying to enhance cooperative enterprising, the Government of the Republic of Zambia is in the forefront, the lobby of funds, they negotiate with donors to fund and work with these cooperatives, and mostly, in such incidences, a political control is inevitable [16]. A very good example is the loan which the government got in 2016 from china of \$35,000,000 for solar powered harmer mills for cooperatives through Zambia Cooperative Federation (ZCF) [18] , this was a very good chance for cooperatives and also for rural industrialization. In as good as this may sound, the issue on the ground is different, as most of these solar powered hammer mills are white elephants. It sometimes become very difficult to understand the government's interests, because it's like most of these solar harmer mills are not being utilized hence not contributing to cooperative enterprising, rural industrialization and finally, livelihood improvement in terms of food security and income levels in the communities.

As illustrated throughout this study, a cooperative model is very important for livelihood improvement, which is critically affected by the economic and political changes [19] and [20]. It is clear that majority of cooperatives societies have failed to adapt to the current economic situation (the liberalized economy) [21]. This requires cooperatives to be more innovative and start operating as profit making entities [22]. The current poor performance by cooperatives is attributed by the failure to swiftly change from the 1964 to 1991 era, where cooperatives were operating as channels (links) for distrusting government resources in a closed economy [16]. During this period, there was no stiff competition to negatively affect cooperative businesses and the government helped a lot in terms of subsidies [23]. The government still renders assistance on the cooperative movement, which is a good thing, but it has also been noted that, this assistance comes with a controlling hand and some political interference, which negatively affect the operations of cooperatives [24].

CONCLUSION

In conclusion, it has also been observed that, the majority of cooperatives in the country are currently not sustainable. They operate with life span to a point that when the funding project comes to an end, the cooperative business elapses or in case of government changes, the cooperative businesses elapses. For as long as cooperatives remain vulnerable in the country

(failing to sustain themselves), it's obvious, they will never be independent, and the political control and interference will continue, this is the current situation of the cooperative movement in Zambia. Zambia cooperatives are just too dependent on handouts and aid, this is good for cooperative growth, but they should reach an extent of being independent. There has been a lot of cooperative projects and grants/loans from the government, most especially starting somewhere in 2000 to date, targeting the growth of cooperative businesses in the country, but still to date one can struggle to identify successful cooperatives, especially in the rural communities of the country, where livelihood improvement is critical.

RECOMMENDATIONS

- i. Looking at the current status of cooperative movement in Zambia, a lot is still need to be done. The government assistance to cooperatives is a very good move, only if the political hand can be reduced at the same time. Mostly, when these cooperatives are being assisted by the government, this goes along with some political interference or affiliation, and this sometimes even distort the distribution of assistance. The above mentioned negatively affect the enterprising and growth of cooperatives in Zambia, as cooperatives needs to be given a free environment of business operations without political interference. Government should also start giving genuine assistance, for example, the history and the current state of Farmer Input Support Programme (FISP) seem to be a deliberate programme for attaining the national food security for Zambia and not attaining the food security at household level or improving the income levels at household. From the time FISP was launched in 2002 to date, you can hardly identify a farmer who graduated from the programme, an indication that the programme is not really helping the beneficiaries.
- ii. Government should also stop the issue of imposing projects on the cooperative communities, business ideas should come from the cooperatives members themselves, by doing so, the cooperative members will feel the business ownership. When business ideas come from cooperative members themselves, these will be like solutions to their problems, and by so doing, the chances of improving the lives of the cooperative members will be very high. The role of the government should just be to assist in the implementation of the business process of cooperatives and not to impose or interfere. A good example where the government imposed to the cooperative members, was the purchase of solar powered hammer mills through Zambia Cooperative Federation (ZCF), in as good as the idea may seem, the government never under took a research to really get the views of the cooperators themselves on the ground. The people who can give a clear picture of the type of problems they are facing and alternative solutions to these problems, are the cooperative members themselves. So imposing projects to these cooperative members can lead to some of these white elephants projects we see, like the solar powered harmers mills, of which most of them non-operational.
- iii. The study also recommends that, let cooperatives societies start being innovative in order for them to be able stand the stiff competition which is due to the liberalization of the economy, this will also help them to enterprise efficiently and effectively leading to their independence.
- iv. The government should help cooperatives through deliberate policies, lobbying, and also with grants/loans without intentions of political control. It is supposed to be understood that, intensive training on cooperative governance dynamics is a more important prerequisite to business training and funding of any cooperative project. But mostly, the government and other interested parties rush into business training and funding, hence

contributing to high failure rates by cooperatives to enterprise and finally not to contributing to the livelihood improvement of the its members.

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