

2.5.1 The Misguided Future of Co-operatives and the Climate Threat in Africa: Learning the Wrong Lessons

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Abstract

The vibrant post-independence co-operative model in Africa was characterized by local rootedness that guaranteed members of local ownership. Despite the fundamental basis of most co-operatives being cash crop production and marketing, the social movements further aligned to intervene in the delivery of critical basic social services particularly education.

Following the growth of collective power of co-operatives, the desire of governments to regulate this growth was accompanied by global economic challenges that required innovative support into sustainability factors. While the support was expected from government, the conventional approach to patronize and reforms the co-operative-based institutions was the dominant paradigm. In most cases the reforms were not based on any evidence-based measures.

The 1990s and 2000s saw a steep drowning curve of co-operative survival, with stubbornly growing external challenges beyond the control of African governments, particularly globalization and trade liberalization policies promoted by the Bretton Woods Institutions. Revamping the cooperatives has unfortunately not been a priority of current governance structures.

It is a fait accompli that the good lessons from early cooperatives in Africa have gone into the museum of success, and the trend is more worrying under the current architecture of trade for development guided by the World Trade Organization (WTO). Beyond the macro economics of cash crop markets and the WTO, rapidly changing Climate patterns have demonstrated huge impacts on cash crop production and marketing. The increasing threat of climate change to cash crops renders traditional co-operatives vulnerable to the level that revival becomes a mission impossible, besides imagining sustainability.

The paper examines the historical path of cooperatives in Sub Saharan Africa over the period 1960s-2000, which was mix of success, decline and policy confusion. An analysis of the new millennium picture of co-operatives in Sub Saharan Africa leads to a conclusion that the plethora of challenges facing co-operatives including global trade policies and globalization rules have grown to the scale that allows climate change threat to exacerbate their economic vulnerability and diminishing hopes for revamp.

The paper concludes that unless hard choices are made in government and regional policy frameworks to acknowledge the legitimate representative roles of co-operatives, the adaptive capacity of agricultural communities to cope with the impact of climate change will remain in jeopardy and therefore lead to a pseudo-co-operative model with rhetorical local ownership. Interventions for climate smart policies and institutional practices though innovations are should not be an option but an exceptional priority.

Key words: *Co-operative model, Social movement, Climate change, policy, vulnerability, trade, sustainability, innovation.*

0 INTRODUCTIONS

The emergence of co-operative movements in Sub Saharan Africa in the early 1990s was driven by the desire for collective power of communities to shape their destiny through self-help and articulate institutional links with governance structures in which members would benefit socially and economically. Most of the co-operatives were based on cash crops as a base of local economies and therefore important for driving local development. The overall objectives were to stop the manipulative practices of private crop buyers, seek markets for produces of their members, to establish standards of crops production as required by the market and establishing warehousing infrastructure for crops between storage and marketing. The wide range of typologies of these from crop marketing, consumer co-operatives savings and credit, livestock marketing, timber transport, fishing, secondary unions and poultry. The co-operatives were guided by principle that any community member could join, managed through democratic governance, institutions that were not for higher profits, serving members as a fundamental reason of existence, providing education for members as a responsibility and networking with other similar entities to ensure the best services to their members.

2.0 Co-operatives as a social movement in Sub Saharan Africa

Besides the economic justification as the fundamental *raison detre*, co-operatives were promoted as social movements accruing legitimacy in communities. A social movement is taken to be a core group of activities with a sufficiently shared ideology and set of activities who wish to bring about change in the existing order of things (Fowler, 2000).

The partnerships between co-operatives and governments were robust, converging on commodities particularly those related to agriculture and natural resources. In the 1970s, a strong case was made for development to concentrate on building people to people relationships between the North and South. The intention was to promote mutual understanding and solidarity as a counter to the perception pushed by elites –that the mass of people in the North and South have no common interests but, but are simply competing for jobs and economic security (Fowler, 2000). In some instances, the institutions were even relied upon for mobilization of political party activism.

3.0 The trajectory of Co-operatives in Post-independence Sub Saharan Africa

The 1960s was a decade for political independence in many African countries. The vibrant post-independence co-operative model in Africa was characterized by local rootedness that guaranteed members of local ownership. Despite the fundamental basis of most co-operatives being cash crop production and marketing, the social movements further aligned to intervene in the delivery of critical basic social services particularly education. The trend of growth continued, more organically, with increased inspiration of political space. In most of the countries, a vibrant trajectory of co-operatives growing in numbers and diversity was apparent. In the En Nahud District of Sudan where groundnut was a major cash crop, there were 29 co-operatives in 1998, each with membership ranging from 50 to 112 farmers, with co-operative members electing a board of directors to serve as a policy making body. One particular area of success was the ability to limit the impact of village businessmen and leaders because credit was accessed through Co-operative Department and Agricultural Bank of Sudan (Abdelrahman and Smith, 1996).

In Tanzania, there were only 12 registered co-operatives by 1933, growing to 799 at independence in 1961 (Ngeze, 1975). Tanzania saw the growth climbing to 1,744 in 1970. Interestingly, out of the 1,744 co-operatives, 1,299 were agricultural commodity co-operative (and crop marketing unions to be precise). Alongside this numerical growth, cash crop production continued to increase. Cotton production for example, had increased from 24,799 bales of cotton to 421,332 bales in 1970/71 (Lint and Seed Marketing Board 1953/54-1971-72).

The trend of growth in numbers and diversity of functions continued to date , as indicated in the table below:

The trend of growth of Cooperatives in numbers and diversity of functions

	1970	2011
Agricultural marketing	1,299	2,811
Savings and Credit	236	5,251
Livestock marketing	54	158
Fishing	9	112
Housing /Timber	25	30
Mining	0	58
Consumer Co-operatives	51	102
Secondary Cooperative (Unions)	23	41
Apex cooperatives	1	1
Industries	0	178
Joint enterprises	0	36
Co-operative Banks	0	2
Others	24	617
Total	1,744	9,397

Source: Ngeze, 1975 and Ministry of Agriculture, Food and Co-operatives, Tanzania, 2011

Over the 1970s, co-operatives worked closely with governments and accessed support from various international institutions as they increased in numbers and diversity. In many areas, entrepreneurial co-operatives were strongly emerging and becoming part of the bigger group. Some Northern countries even intensified their institutional support in the region, seeing co-operatives as home grown social movements depicting true representation of their constituencies.

While governments had seen the value of cooperatives in mobilizing community members, facilitating the delivery of basic social services particularly education and economic services, co-operatives were seeing to grow too powerful. The impacts demonstrated in bridging between government and the people were appreciated. However, some governments began questioning the mandate of these powerful co-operatives and devised strategies to patronize them.

International interventions through the International Financial Institutions

Prior to market liberalization, the domestic cash crops in East Africa were mostly under the control of co-operatives and state controlled marketing boards. In Kenya and Tanzanian, mild Arabica coffee was owned by smallholder (through co-operatives) and estate until it was sold at the export auction. There was no private sector participation in domestic trade processing.

The trade reforms heralding liberalization and regulation forced co-operatives into unfair competition with local subsidiaries of international trading firms .Co-operatives had limited options for consolidation and reorganization to cope with that pressure. They therefore experienced difficulties in sustaining sustain their growth plans in the face of fierce competition .As governments retreated from the regulation of domestic commodity markets; farmer organizations lost a political forum of negotiations. The interventions of the World Bank and IMF through structural Adjustment Programmes (SAPs) over the 1980s and 1990s leading to a liberalization and promoting privatization was the formal beginning of governments disowning co-operatives.

In Africa, major cash crop marketing between independence and the start of liberalization process in the 1980s was monopolized by the public sector through two main systems: the marketing boards system common throughout the continent , and the stabilization fund system typical of export crop marketing in

Francophone West Africa .Private sector involvement was formally limited or non-existent , although parallel markets were fairly active in many countries (Daviron and Ponte, 2005).Comparative studies on countries in East Africa indicate, despite the varying trajectories in the roles of commodity co-operatives, the trends in performance and negative impacts on commodities were alike. A case in point is coffee. Studies on Ethiopia, Tanzania, Kenya and Uganda indicate that restricting of coffee liberalization influenced the performance of co-operatives. While Kenya and Ethiopia still continued to run tightly regulated export systems post 2000 , Kenya partially liberalized its domestic market ,with Ethiopia's domestic market liberalization moving further but not allowing foreign companies to trade .Tanzania liberalized its domestic market coffee market in the mid-1990s , and retained some regulatory powers through its coffee board and running a mandatory auction system. Uganda swiftly liberalized its domestic coffee market in the early 1990s, and formed a regulatory body to steer the market with a relatively light hand. These differences show how the intervention of global marketing factors influenced the functioning and organization of domestic markets, competition, pricing systems, incentive structures and contractual relations among actors.

While all that happened, by the year 2003, Arabica coffee production in Ethiopia had begun to decline to 1981 levels, Arabica coffee production in Kenya had slumped down to below the 1973 levels after a climb in the period 1983-1990, Tanzania Arabica coffee production fell to below the 1985 production level while Robusta coffee had not recovered to above the 1973 levels.

Uganda Arabica slumped to below the 1989 level while Robusta had not increased above the 1997-1999 levels. The trend is summarized in table 2 below

Country /Coffee type	Production in 2003
Ethiopia Arabica coffee	had begun to decline to 1981 levels
Kenya Arabica coffee	had slumped down to below the 1973 levels after a climb in the period 1983-1990
Tanzania Arabica coffee	production fallen to below the 1985 production
Tanzania Robusta coffee	Robusta coffee had not recovered to above the 1973 levels
Uganda Arabica coffee	slumped to below the 1989 level
Uganda Robusta coffee	Robusta had not increased above the 1997-1999 levels

Source: Daviron and Ponte, 2005

There are various explanations to the trends in the table above, but climate variability is one of the major factors. This happened while producer based co-operatives were struggling on their own to maintain credibility with financial institutions and governments.

5.0 Climate change and sustainability of co-operatives

Sub Saharan Africa continues to struggle with a plethora of stubborn challenges including HIV/AIDS and the triple crises of Food, Financial and Energy among others. Climate change and variability brings another but uniquely powerful to reverse gains in agriculture and natural resources pathways. Advocates of grass root organizations have, however, consistently recommended that co-operatives should continue to strive to build strong advocacy fronts so that they continue to uphold the rights of their constituencies. They must reflect and learn from the experiences of the 1980s to 2000s when signs of less reliable climate were emerging .They need to rebuild their technical and organizational capacity and strengthen their networking in and across country alliances .They need to work harder towards the next phase of struggle to achieve a fair balance and inclusive development focused on outcomes taking into account the rapidly changing climate patterns. Climate change should remain part of the agenda to be fulfilled for and with their members.

5.1 The vulnerability of Sub Saharan Africa to Climate change

About 70% of people in sub-Saharan Africa live in rural areas, and it is their livelihoods that will be most at risk from climate change. Most countries in the sub region are highly dependent on natural resources and their agricultural sector for food security , employment, incomes, tax revenue and exports. Changes in weather conditions that damage the agricultural sector will thus have a major impact on incomes and livelihoods. These countries and poor communities tend to have a higher share of their assets and wealth tied up in natural resource and environmental assets, so anything that damages the natural resource base will clearly damage these countries more.

The region must be prepared to address the serious economic and social impacts of climate change by promoting clear climate change adaptation measures in key economic sectors such as agriculture, forestry, water resource management, energy and transport infrastructure, tourism, health and urban development

Global warming is currently at the centre stage of development. The Intergovernmental Panel on Climate Change (IPCC) has consistently warned since The Conference of Parties in Copenhagen in December 2009 that the world should limit the rise of temperature within 2 degrees Celsius through mitigation and adaptation measures. While Sub Saharan Africa's share of carbon emission is hardly 4%, the sub-continent is reported to shoulder the worst impacts. Countries in the sub-continent have begun developing National Adaptation Plans of Action (NAPAs), but these remain technical compendiums in ministries and research institutions. The need for adaptation is urgent, but less clear how communities through representative institutions like the co-operatives can engage with the research and policy entrepreneurs through life projects beyond development projects.

5.2 Co-operatives, Trade and climate change

Noting that co-operatives in Sub Saharan Africa are rooted in agricultural and natural resource commodities, it is necessary to examine the impact of prevailing commodity trading arrangements on the future sustainability.

Agricultural and natural resources market liberalization promoted in developing countries included privatization of public enterprises that processed or marketed commodities, deregulation , promotion of competition in markets and elimination or large reduction of subsidies and taxation –including elimination of domestic price stabilization .The World Trade Organization (WTO) negotiations in the Doha Round have centered around agriculture , especially after the July 2004 framework agreement .The pressure exerted on WTO negotiations for the elimination of subsidies in developed countries has been taking place alongside promotion of fair trade products as an option to avoid the mainstream trading arrangements. Existing co-operatives are operating under complex settings, as they have to align with the rapidly changing international trade regimes, evolving global governance architecture and rapid technological changes.

Linking to the Doha Round of the WTO, the first more visible climate change negotiations that started in Copenhagen in December 2009 raised a number of issues. As the series of negotiations continue under the auspices of the United National Framework on Climate Change Convention (UNFCCC) , it is obvious that the relationship between trade and climate change is complex, and the WTO rules on the matter are highly controversial .Producers continue to be frustrated as talks continue to be dead locked. According to the WTO Secretariat, members will need to be vigilant and monitor the ongoing climate change negotiations as trade measures may become the means by which developed countries avoid their historical responsibilities for climate change by exporting the cost onto developing countries, through the use of trade measures such as Border Tax Adjustments. Overall, it is likely that in developing countries environmental protection will be accorded a higher priority than development consideration in application of the exceptions accorded by the

dialogues. Anyhow, the institutional response to climate change for sustained cooperative existence is to invest in measures for adaptation while also taking responsibility in mitigation. With the run to Conference of Parties (CoP) 17 in Durban South Africa in December 2011, the sub continents has the opportunity to assert the arguments rights making sure that the matter gets the attention it deserves.

5.3 Building resilience and Adapting to climate change

The language out of the Copenhagen Climate Accord underlines mitigation and adaptation. For Africa, it is critical that urgent focus is on building resilience to climate variability. That is, establishing and quickly scaling up measures for adaptation.

A key characteristic of adaptive capacity relates to the system preparedness in developing innovation and supporting new practices. As social and environmental changes continue in Sub Saharan Africa, communities will need to articulate the evolution of existing practices, resources and behaviour, and in some cases adopt new ones. Experimentation, innovation and adoption as part of the learning process are essential in ensuring ability to cope with and respond to changing circumstances. Further, innovation is crucial to enable a system to remain dynamic and functioning and accepting to learn from failures.

There are important synergies between adaptation and mitigation which need to be considered when designing and planning climate actions and evaluating their results at local level where enforceable action is hinged. The pursuit of a response to climate change will affect the trading interests of states in Sub Saharan Africa as producers will feel the effects of climate change mitigation measures taken elsewhere, even in the absence of actions by respective governments. It is important to recognize that this is not only about 'high-tech' and large-scale innovation, but also micro-level initiatives, as many of the actions taken to adapt to changing shocks and trends will be done spontaneously or autonomously at the local level.

The African climate is determined at the macro-level by three major processes or drivers: tropical convection, the alternation of the monsoons, and the El Niño-Southern Oscillation of the Pacific Ocean. The first two are local processes that determine the regional and seasonal patterns of temperature and rainfall. The last is more remote in its origin, but strongly influences the year to year rainfall and temperature patterns. Despite the importance of all three processes, regional and national institutions need to co-ordinate their efforts to leverage locally specific plans that reflect the desire and capacities to adapt.

The complex interactions of drivers of climate in Africa call for investment in data management and information brokering amongst generators of information, policy makers and communities. The baby steps being taken by governments in the sub region need to be scaled quickly to achieve even the small victories, but not enough to stave off climate-related suffering. It may be enough but not sufficient developing plans and frameworks like the East African Community Climate Change Strategy if implementation is not readily forthcoming.

The prospects for securing an ambitious, inclusive climate deal that responds to the real needs of Sub Saharan Africa any time in the next two to three years are weak, and the subsequent prospects for grave climate change impacts on the communities are a cause for deep concern now than ever.

6.0 Overarching challenges in facilitating and sustain climate smart co-operatives

The climate challenge operates in a complexity mode; linked to many other factors that are usually out of the radar. Most of the constraints in promoting co-operative movements and institutions in Sub Saharan Africa have to do with reduced policy commitment in the era of neo-liberal political economy.

Supporting farmers in developing countries in forming and sustaining a co-operative requires a two-fold balancing act. Outside support must be balanced with local initiatives, while, at the same time, organizational development must go hand in hand with business development. Often outside support comes from the most powerful actors in this process, and they are primarily responsible for maintaining these balances (Holtland, 2007). In order to bring hope, a well thought through agenda at national and regional level must address the following key challenges:

- 6.1 Failing governance within both development and fragile states –With the current global governance, it is becoming increasingly difficult to pin down exactly what institutional “quality “ and what forms of good governance should be pursued in order to support sustained growth processes(Ocampo and Vos , 2008)
- 6.2 Land reforms and Land based Foreign Direct Investment are polarized towards providing conducive environment to private sector, unofficially ignoring the natural positions that co-operatives occupy in relation to community sustainability in the sub-region
- 6.3 Co-operatives are being excluded in national and international measures for coping with the triple crises (Financial, Food and Energy).
- 6.4 Except for some national governments where good enough governance is evident, co-operative legitimacy continues to be restrained, shrinking the social and political space of these locally rooted institutions. In theory, it could be argued that liberalization and technological changes as such are sufficient to allow self-regulating competition in the long run. However, as it has illustrated in practice, regulation is more complex than was first thought.
- 6.5 Opportunities provided by global information revolution have not structured to enable co-operatives and their members to be part of the new information flow formulae
- 6.6 Social and Economic exclusion of women and youth, the majority of the real commodity producers and most vulnerable to climate variability.
- 6.7 International trade policies as guided by the World Trade Organizations and architecture of institutions governing the false promises of globalization are regressive to co-operative development and quickly exacerbating the shocks including climate variability.

6.0 Policy implications for sustainability of co-operatives in a changing climate

The IPCC Fourth Assessment Report in 2007 found that many climate change impacts can be reduced, delayed or avoided by mitigation. Mitigation efforts and investments over the next two to three decades will have a large impact on opportunities to achieve lower stabilization levels. Delayed emission reductions significantly constrain the opportunities to achieve lower stabilization levels of atmospheric greenhouse gases and increase the risk of more severe climate change impacts. It is evident that warming will not be evenly distributed around the globe. But, different from other regions the entire African continent is likely to warm more than the global average.

Sub Saharan Africa is reported to be highly vulnerable to climate change in terms of physical damage and negative social and economic impacts. Climate-related disasters –storms, floods, droughts, landslides, extreme temperatures and forest fires–have already caused vast damage and imposed a high economic cost to communities and state economies. Changes in rainfall patterns will require adjustments to water resource management both for agricultural and urban uses, generating large investment requirements on top of the already significant requirements due to deficient water infrastructure and water management systems.

The promising news is that available evidence indicates that there are short and long term measures that have demonstrated potential for building resilience to climate change in Sub Saharan Africa. For these measures to be effective, the following policy implications will therefore have to be in front of the climate proofing strategies

- 6.1 Governments in the region work closely with the diversity of co-operatives in taking stock of climate change problem and prioritizing urgent and life-cycle responses.

- 6.2 National governments and regional institutions ensure participation of co-operatives in policy process for mainstreaming climate change including the development and review of National Action Plans for Adaptation (NAPAs)
- 6.3 Re-vitalizing partnerships between national governments and co-operatives while working in synergy with the corporate sector.
- 6.4 Ensuring broad inclusion of co-operative representatives in development of Community Based Climate Change Adaptation Plans at local, sub national and national levels.
- 6.5 Technical capacities for climate change mitigation and adaptation should be extended to reach co-operatives and their constituencies in developing comprehensive low carbon and climate change resilient roadmaps
- 6.6 Co-operatives will need to be supported to build institutional organization to effectively manage climate risks in the long term
- 6.7 Low-carbon growth activities in the sub region will have to overcome institutional and market barriers preventing the full expansion of sustainable energy practices. The costs and benefits associated to some of these technologies are less clear and in many cases cannot be internalized under existing policy frameworks. Therefore, new policies and incentives should be introduced to address the positive externalities, improve economic feasibility and facilitate adoption through investments.
- 6.8 National governments and regional institutions should support the dissemination of indigenous knowledge on managing climate-related risks
- 6.9 Ensuring coordination, complementarity and coherence (3Cs) between climate change initiatives and with other development processes within co-operatives.

7.0 Conclusions

It is a fait accompli that co-operatives historically played a very central and even dominant role in the rural economies of Sub Saharan Africa until the early 1980s. It is unfortunate that globalization and international economic order driven by the International Financial Institutions are pushing these locally owned institutions into the reverse through top-down reforms. Climate change is exacerbating the forces to weaken not only the commodity-led co-operatives, but also those involved brokering trade through entrepreneurship, processing and marketing. While the demand for water and energy in the commodity value chains will continue to increase geometrically, urgent actions are required to address the climate challenge.

There are some things we know about the impact of climate change on Africa, much as there are there are many other known unknowns like when the sub region is likely to experience climate change e tipping points. Admittedly there are also, probably, many unknown unknowns!

The main official argument for co-operative sustainability should be to demand for institutional support from national governments and regional institutions like the East African Community, SADC, COMESA and NEPAD to take responsibility in supporting technology innovations, building producer capacity, financing and providing incentives towards a climate smart trajectory . The country National Action Plans for Adaptation (NAPAs) should be informed by the needs of producers, processors and marketers. The outstanding question is whether there is good enough commitment to facilitate measures for adaptation to climate change. Nevertheless, state institutions responsible for promoting producer organizations should keep brokering learning, and support co-operatives to avoid learning the wrong lessons.

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