The cooperative model as an alternative strategy for rural development: a policy analysis case study of Kenya and Tanzania 1960-2009

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ABSTRACT

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THE COOPERATIVE MODEL AS AN ALTERNATIVE STRATEGY FOR RURAL DEVELOPMENT: A POLICY ANALYSIS CASE STUDY OF KENYA AND TANZANIA 1960-2009

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This study proposes the use of the cooperative model as an alternative strategy for rural development in Kenya and Tanzania. Failure of prior models and the misuse of foreign aid in these nations lead to this proposal. The research’s theoretical framework is grounded on the neoclassical economic theory. Core questions asked included but, were not limited to: finding out the types of policies implemented the role of the cooperatives in job creation and poverty reduction, the status of cooperative education and finances, the status of poverty in both nations and many more. Peter Warbasse, Adam Chambo and other proponents of the model reaffirmed the important role played by cooperatives
and advocated for policies which uplift ordinary citizens from dependency to self-reliance. In Kenya, data came from the ministry websites, the ministry headquarters and its affiliates. In Tanzania, data came from the ministry’s websites and from a visit to Moshi University College of Cooperative and Business Studies (MUCCoBS) research center in Moshi. The research found that in 2008, Kenya had 8,507,000 cooperative members while Tanzania had 1,600,000. Primary cooperatives alone had created 300,000 jobs in Kenya and only 34,524 in Tanzania. Indirect employments were 303,455 in Kenya while Tanzania had no figures for indirect employment nor for the total jobs created in the same year. Cooperatives created 3,445 jobs within Kenya’s government offices and their affiliated institutions versus Tanzania’s 425. The big disparity between the two nation’s data is bewildering as discussed. The policy analysis supports the hypothesis that indeed, both nations had indeed implemented policies to support their cooperative organizations right from independence but, especially to rescue these organizations from the International Monetary Fund’s (IMF) Structural Adjustment Program (SAP) Mandates. Most of these policies had been formulated in accordance with the United Nation’s Millennium Development Goals (MDGs) which strives to reduce poverty in the less developed nation by half by the year 2015. Study limitations included but were not limited to: bureaucracy, partial and unavailability of research data. There is optimism in the future of these organizations as evidenced by the latest cooperative policies which focus on improving both nations’ rural development
THE COOPERATIVE MODEL AS AN ALTERNATIVE STRATEGY FOR RURAL
DEVELOPMENT: A POLICY ANALYSIS CASE STUDY OF KENYA
AND TANZANIA 1960-2009

A DISSERTATION
SUBMITTED TO THE FACULTY OF CLARK ATLANTA UNIVERSITY
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BY

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<td>ACCOSCA</td>
<td>African Federation of Cooperative Saving and Credit Association</td>
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<td>ACL</td>
<td>Anti Corruption Laws</td>
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<td>AMOCOS</td>
<td>Agricultural Marketing Cooperative Societies</td>
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<td>Agricultural Marketing Systems Development Programs</td>
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<td>COASCO</td>
<td>Cooperative Audit and Supervision Cooperative Organization</td>
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<td>COPAC</td>
<td>Committee for the Promotion and the Achievement of Cooperatives</td>
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<td>CDP</td>
<td>Cooperative Development Policy</td>
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<td>CRP</td>
<td>Cooperative Reform Program</td>
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<td>CRMP</td>
<td>Cooperative Reform Modernization Program</td>
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<td>DANIDA</td>
<td>Danish International Development agency</td>
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<td>DFID</td>
<td>Department of for International Development - United Kingdoms.</td>
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<td>FAO</td>
<td>Food and Agricultural Organization</td>
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<td>FTA</td>
<td>Fair Trade Agreement</td>
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<td>EPSRC</td>
<td>Economic and Public Sector Reform Credit</td>
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<td>GTZC</td>
<td>German Technical Cooperation</td>
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<td>UKCC</td>
<td>United Kingdom Cooperative College</td>
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<td>FAO</td>
<td>Food and Agricultural Organization</td>
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<td>HIVA</td>
<td>Hoger Institute Voor de Arbeid - A Belgium Institute for Labor Studies.</td>
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<td>ICA</td>
<td>International Cooperative Alliance</td>
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<td>IFAD</td>
<td>International Fund For Agricultural Development</td>
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<td>ICCDE</td>
<td>Institute for Continuing Cooperative Development Education - Tanzania</td>
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<td>ILO</td>
<td>International Labor Organization</td>
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<td>ITUC</td>
<td>Africa, the International Trade Union Confederation</td>
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<td>IOE</td>
<td>International Organization of and the African Union Secretariat.</td>
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<td>JICA</td>
<td>Japan International Cooperative Agency</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>KCB</td>
<td>Kilimanjaro Cooperative Bank</td>
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<td>KCC</td>
<td>Kenya Cooperative Creameries</td>
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<td>KCU</td>
<td>Kagera Cooperative Union</td>
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<td>KNFC</td>
<td>Kenya National Federation of Cooperatives</td>
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<td>KUSCO</td>
<td>Kenya Union of Savings and Credit Cooperatives</td>
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<td>KDCU</td>
<td>Karagwe District Cooperative Union</td>
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<td>MUCCoBS</td>
<td>Moshi University College of Cooperative and Business Studies</td>
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<td>NORAD</td>
<td>Norwegian department of Development Cooperation</td>
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<td>NCNC</td>
<td>National Cooperatives Advisory Council</td>
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<td>ODI</td>
<td>Overseas Development Institute</td>
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<td>RMFIP</td>
<td>Rural Microfinance Institute Projects</td>
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<td>PRS</td>
<td>Poverty Reduction Strategy</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>PSEA</td>
<td>Public Servant Ethics Act</td>
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<td>RFSCB</td>
<td>Rural Finance Services Community Based</td>
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<td>PCO</td>
<td>Promotion of Cooperative Organization</td>
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CHAPTER I

INTRODUCTION

Purpose of the Study

This study proposes the use of the cooperative model as an alternative strategy for rural development. Furthermore, it conducts an analysis of the policy support in the nations studied to ascertain if their governments formulated and implemented policies to nurture and support their cooperative organizations with a goal of improving the socioeconomic status of their poor citizens, especially those in the rural areas. The purpose for proposing this alternative strategy is due to the failure of several prior models which had been implemented in the region.

The theoretical framework supporting the use of the cooperative model as an alternative strategy for development is based not only on African socialism, but is also grounded on the neoclassical economic theory, which among other things, states that in a free market economy, human beings are capable of maximizing their own welfare as long as they are given the freedom and the opportunities to use the scarce resources to which they have access. It adds that normally, people will strive for whatever works in their best interests, and will make rational choices when concrete values are associated with gainful outcomes. The theory also professes that people tend to be more energized and altruistic when acting collectively as a group as opposed to the self-centeredness resulting from unilateral actions.
Additionally, this research proposal is supported by author and development theorist Michael Todoro’s collective development theoretical framework. Todoro contends that development in the third world ought to be conceptualized in terms of elevating and sustaining the entire society and the overall social system towards better humane life.¹

Note that the basic conviction about empowering rural communities to take control of their needs and improve their socioeconomic conditions through collective action is also congruent with the World Bank’s mission statement. It states that this international lending institution “dreams of a world free from poverty, where people can be helped to help themselves in their own environment, where all people can share knowledge and build capacities to forge partnerships in public and the private sectors.”² The theoretical framework itself will be discussed in details in chapter three.

The reason for offering this alternative model of development is based on the failure of many models which have been formulated and implemented not only in the two nations under study, but also in the African continent as a whole. More importantly, this alternative development model has been proposed due to the inherent merits, benefits, and successes of the cooperative movement which have been documented globally as far back as the nineteenth century. Literature related to the cooperative movement including the important roles played by the cooperative will be discussed at length in chapter two.


The Cooperative Movement in East Africa

The two nations of Kenya and Tanzania were selected for this research study because of their unique histories with the cooperative movement. This uniqueness is evidenced by the cooperative movement that was initiated as part of the post-independence policy strategy, which was geared towards improving the socioeconomic conditions of the citizens of the two East African nations studied.

Some of these positive aspects of the cooperative based development strategy can be traced back to the efforts made by the Mondragon Cooperatives in the Basque region of Spain where the cooperative movement had its origins in the inspirations of a Catholic priest in 1943. By 1959, the small cooperative organization which had been started by the local Catholic priest with the sole purpose of assisting disadvantaged youth had acquired its own bank it was believed to be one of the largest business enterprises in Spain in the 1990s. By 1991, the Mondragon cooperatives had grossed over three million dollars in sales, productivity and profitability and hence become comparable to many corporations operating in Spain at that time.³

Kathrine King Whyte and William Foote Whyte both supporters of the cooperative movement, wrote that although the Mondragon cooperatives could not claim to offer answers for all the cooperative organizations models, it had nevertheless for many years, demonstrated successful experiences and outcomes, especially in the manufacturing sector in Spain. The authors added that despite the fact that many cooperative programs ought to be formulated and developed in the context of local characteristics such as culture, socioeconomic political conditions, and many others, the

Mondragon had chronicled along and varied experience, which amongst other characteristics had provided a rich body of ideas which can potentially be adapted and implemented anywhere globally, especially in regions where focus is on employee-owned enterprises.  

The Whytes added that local cooperative organizations, if successful, would not only cater to the local needs, but could also act as examples for regional based development enterprises, which would focus on the needs of the members, regardless of who the members are. The authors stated that successful cooperative organizations can therefore, rightfully be considered as “mini-economies because the cooperative movement is complex, and, although they are far from being self-contained, they gradually develop networks of mutually supporting relationships on which the movement is based.”

Early Support for the Cooperative Movement

This research found that the concern for the plight of the poor citizens and the subsequent shift towards advocating for the use of the cooperative organizations as a viable model for uplifting the livelihoods of poor global citizens had been raised as early as early as 1945 at the United Nations (UN) founding conferences in San Francisco, California. In one of its many publications, the United Nations noted that the state of poverty in the tropics and sub-tropical areas, and in the highly populated agrarian areas of


5. Ibid.

6. Ibid.
the temperate countries have long been recognized, and yet the many institutional
policies created to combat the poverty have been inadequate, to say the least. This UN
report further added that global rural communities have millions of people both young
and old who own only very few tools and equipment for use on their small pieces of land
resulting in not only widespread poverty but, also physical, mental, and spiritual anguish
and many other unmentioned hardships.

This dated UN publication added that, despite the many hardships faced by the
poor especially those in the rural areas have gradually learned through decades of
“experience and trials and errors, to wrest these inadequacies and survive despite the
meager assets, lack of food, inadequate clothing, shelter, and many other difficulties.”

Since the cooperative movement can be embraced to overcome some of these
inadequacies, the UN report therefore posits that, “it is against such a background that
cooporative associations must be judged as institutions and instruments for progress in
many rural areas.” Some other well-known proponents of the cooperative movement
include, but are not limited to, many governments, starting at the national to the local
level, the international lending institution, the World Bank, the ILO, International labor
Organization, SIDA, the Swedish Development Agency and several other institutions.

Similarly, in the book written by Ismael Serageldin, with a foreword by Lewis T.
Trenton, the former president of the World Bank who was in charge of the bank’s

7. The United Nations, Rural Progress through Co-operatives: A Place of Co-operative

8. Ibid.

9. Ibid.
environmentally sustainable development, articulated that Serageldin drew from the
lessons learned in over four decades of development experiences, and pointed out that the
only means of advancing viable, sustainable development, rested on collective
cooperation. Amongst other issues, Serageldin discussed several important
development issues including, but not limited to, the pursuit of “economic reforms to
enhance growth and reduce poverty, investing in the citizens themselves, and protecting
the environment, amongst other issues. In the preface of the book, Serageldin avowed
that the “future of the developing countries will be determined primarily by the people of
these countries themselves. It is their determination, commitment, and vision that must
create the new world where poverty will retreat, and the basic well-being of the people
will prevail. A world where all people will be ensured the provision of essential needs,
which in some areas of the world are simply taken for granted. Serageldin maintained
that “a well-targeted and judicious investment in people’s efforts can accelerate the
processes and help those involved to help themselves.”

Serageldin further affirmed that programs geared towards improving
socioeconomic development in the less developed nations, including, but not limited to
aid, should be grounded on a true sense of partnership with the recipient nations, because
experience has clearly indicated that only those programs that are truly owned by the

10. Ismael Serageldin, Nurturing Development: Aid and Cooperation in Today’s Changing World
(Washington DC: The World Bank, 1995), vii

11. The United Nations, Rural Progress through Co-operatives: A Place of Co-operative

12. Ibid.
recipient nations stand a chance of achieving sustainable success.\textsuperscript{13} The former vice president of the World Bank, Trenton Lewis, recommended that any development programs intended for the less developed countries should be nurtured “through dialogue, mutual respect, and understanding between all the parties involved.”\textsuperscript{14} Similarly, Serageldin cautioned that development programs should never be forced on nations by outsiders, regardless of how “noble the motivations are.”\textsuperscript{15} Serageldin concluded that all development programs should, amongst other functions, “stimulate a vibrant civil society, encourage private initiatives, while at the same time, encourage and empower the marginalized poor, wherever they are,” and added that it was for these reasons that he titled his book \textit{Nurturing Development}.\textsuperscript{16}

\textbf{Defining Poverty}

This research defines poverty with reference to a speech made by the late director of research at Tanzania’s Moshi University College of Cooperative and Business Studies (MUCCoBS), Mwelukilwa Joshua Sizya. The late director of research, Sizya, who was also a regional consultant, pronounced in a speech during his October 2001 presentation at the UN that although poverty as a concept was difficult to define, it is nonetheless a multidimensional phenomenon specific to a given location, and or social group all over the world.\textsuperscript{17}

\begin{itemize}
\item \textsuperscript{13} Serageldin, \textit{Nurturing Development}, xi.
\item \textsuperscript{14} Ibid.
\item \textsuperscript{15} Ibid., xi.
\item \textsuperscript{16} Ibid.
\end{itemize}
Sizya added that in addition to the complexities poverty creates globally, it definitely facilitates and increases the degree of powerlessness, morbidity, mortality, homelessness, environmental degradation, and social discrimination experienced by those affected. Sizya further added that poverty creates and perpetuates many negative variables in the poor people’s lives, such as the exclusion from participating in the decision making processes on vital issues that directly affect their daily lives. Sizya added that other manifestations of poverty include, but are not limited to; lack of essential productive resources necessary to ensure sustainable livelihoods, hunger and/or malnutrition, ill health, poor education, and many other problems.

Sizya concluded that in many instances, the lives of those affected by poverty are characterized by noiselessness, a factor which further marginalizes very poor people, a trend which eventually leads to an imbalance of power, and inevitably leads to the long term relationships of helplessness, as the poor people interact with both their institutions and their environments. Additionally, a 1990 WDR, World Development Report defined poverty as the “inability to attain a minimal standard of living as measured in terms of basic daily needs. The report added that poverty is lack of income needed to satisfy these needs, including even a minimum standard of living.

18. Ibid., 1-3.
19. Ibid.
Defining Sustainable Development

While there are many definitions of the above topic, this research defines sustainable development as a form of development that encompasses a responsible use of finite environmental resources to improve standards of living or the socioeconomic status of mankind all over the world. This research therefore posits that sustainable development can only be achieved through the formulation of pro-development policies geared towards improving not only the socioeconomic status of all citizens, but also accords the those citizens inalienable freedoms, including the ability to participate in the decision making process on issues that affect their lives.

The Cooperative Development Concept

The use of the cooperative movement or collective cooperation as strategy for development, especially in underserved areas, is not new at all. According to the United Nations Development Program (UNDP) report, the cooperative development strategy was a part of their development goal and vocabulary even before the 1960s. The strategy involves consolidated collective cooperation and participation in programs or businesses that positively impact people’s lives.21 The report went on to clarify that a true development model “must be woven around people and not vice versa, and that in essence, development projects or programs ought to empower individuals, and not marginalize them instead. The UN report stated further that true development should not involve only the processes in which members of the civil society participate, but also

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allow the very people freedoms and equal access to a wide range of other existing opportunities. It is for this reason and many others that this branch of the United Nations recommended the use of collective cooperation as a development model, due to its inherent fundamental abilities to yield sustainable human development through the investment of human potentials, while at the same time, facilitating and creating environments that maximize the use of scarce finite resources.  

Like many proponents who advocate for the use of the cooperative movement to empower poor people to realize their life's essentials, especially those in the rural areas, Guy Gran calls for a shift to global humane development polices through which the masses can actively participate in matters impacting their own lives. Gran postulated further, that development as a concept embodies a view of the world in which current injustices, inequality, exploitation, fragmentation, and marginalization of the poor are eliminated in order to create a society in which power and differences between individuals or groups of people are reduced with the fulfillment of each basic human need. Gran suggests that through the collective participatory development process, those who are marginalized gradually become aware of the range of choices open to them, including their capabilities and abilities to make the necessary changes in their own interests and at the same time be fully aware of their confinements and possible limitations.

22. Ibid., 3-20.

23. Ibid.

Gran reminded those who think that the cooperative development model is a utopian dream, that the dream is achievable based on the success of many global cooperative organizations, and also upon the fact that people can realize formidable force and vitality whenever they feel that they can have a stake in shaping the direction of their lives. Gran also asserted that maximum efforts should be made to motivate citizens, because once motivated, these very individuals would initiate and sustain viable entrepreneurial investments in ways they themselves perceive to be rewarding and productive for their own needs. Gran added that in order to achieve collective participatory development, among other requirements, the process of implementation of the development policies must always include building local capacity, promoting self-reliance, empowering the masses, and also ensuring an equitable use of the available finite resources.

Gran, therefore, concluded that it was paramount that development policy makers embrace and implement participatory based development strategies as a way to combat global poverty. It is for these reasons that Hahnsteiner wrote that it is important to pay attention to Guy Gran’s book because it attempted to find an answer to an age old question that seeks to find out why poor people in the less developed nations still remain poor, believing that the process can be reversed, if appropriate cooperative based policies are employed.”

25. Ibid.

26. Ibid.
What Are Cooperative Organizations?

There are many definitions of cooperative organizations. However, for the purpose of this research; cooperative organizations are defined as private sector businesses, formed under voluntary agreements or associations, or solidarity with a goal of achieving specific shared goals. While at an international conference in Pretoria, South Africa, Professor Suleman Adam Chambo of MUCCoBS stated that the associative cooperative power is not based on money, but is a way for willing participants to achieve common goals, an act that makes this form of cooperation a vital framework for organized informal business enterprises.27

Types of Cooperative Organizations

There are many types of cooperative organizations. In the African continent, they are generally referred to as either cooperative unions, or cooperative societies that can serve either as single purpose, or multipurpose cooperatives such as the consumer based cooperative, depending on the needs of the members. Other important characteristics that determine the types of cooperative formed include, but are not limited to, the size of the group, the locality served, the structural performance expected, the legal requirements, and the initial capital investments, just to mention a few. It is worth reiterating that all legitimate or bonafide cooperatives are formed and run under the cooperative principles that include democracy, autonomy, freedom of choice, and many more.

Examples of cooperative organizations commonly operated in East Africa include, but are not limited to, agricultural produce and marketing, credit, insurance,

health, housing, fishing, mining and many others. Of these, the agricultural based cooperative organizations were the most common type, although credit unions are gaining prominence and advancement.

**Background of the Research Problem**

A study by Joseph C. Kennedy, indicates that many African countries including Kenya and Tanzania, have failed to create sustainable development, despite the great potential resulting from their inherently large amounts of natural resources that include, but are not limited to, 95 percent of the world’s diamonds, 97 percent of cobalt, and 65 percent of gold, just to mention a few. Other products include cocoa from the west coast, not to mention oil from countries such as Nigeria, Chad, and the Republic the Sudan. Of these African nations, Kenya and Tanzania, are known to have minerals such as gold, uranium, chrome fluorspar, and much more, not to mention primary products such as top quality coffee from Kenya’s Kiambu district and Tanzania’s Kilimanjaro region, and tea from Kenya’s Kericho district. Yet after more than four decades subsequent to independence, many Sub-Saharan African countries still remain some of the poorest nations in the world, despite evidence indicating that the region has received, and still continues to receive, large amounts of foreign aid.

Global reports showed that despite the constantly increasing aid, most of the continent is experiencing falling GDPs in absolute terms, a concern which is exemplified by a report from the OEC, the Organization of Economic Community which indicated

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that the aid to the Sub-Saharan region increased by a factor of 4.6 in constant terms between the early 1970s to the mid 1990s.29 The same report maintained that in 1994, the volume of aid to the Sahel region remained comparable to that received in 1986.30 Needless to say, many scholars contend that the problem of aid misuse, combined with aid mismanagement and the resulting lack of development in the Sub-Saharan Africa, can partly be attributed to the types of policies formulated and implemented by the governments of many African nations.

An OEC article on Sub-Saharan African government's policy and public enterprise performances indicated that the regions needs information technology (IT) as evidenced by the fact that only a few Africa universities in South Africa, Nigeria, Malawi, and Zimbabwe offered computer science degrees in the 1980s. The report further stated that other Sub-Saharan counties simply offer certificates and/or diplomas, resulting in the need to hire foreign expatriates to manage most, if not all the region's development programs. The very expatriates who in the past, have repeatedly recommended, designed, and implemented inappropriate developmental programs for the African continent, due to their unfamiliarity with "local organizational cultures, and other issues that would otherwise ensure the success of development programs amongst other issues."31 This report, like many others, concludes among other reasons, that

29. The Organization of Economic Community, 1997, 16.

30. Ibid.

underdevelopment can be attributed to multiple factors including, but not limited to, ineffective public sector management arising from poor data use in the decision making processes. Thus, the need to improve technology used to implement contemporary development policies.  

**Statement of the Problem: The Lost Decades**

As indicated earlier, more than four decades after independence, Sub-Saharan African countries, including the two nations studied, still remain some of the poorest nations in the world. The lack of development in the region, as well as in the rest of the Sub-Saharan region, is further exemplified by the fact that the aid given to the region has not translated into any sustainable development, despite multiple reports indicating that the continent has received, and still continues to receive foreign aid. A 2005 IPNR, the International Policy Network Report indicated that the African continent received approximately $400 billion in aid from the international community between 1970 and 2000, yet despite the enormous amounts of foreign assistance received annually, the two nations, and many others in the Sub-Saharan African region, continue to experience perpetual socioeconomic problems, including, but not limited to, declining health, an increase in mortality rates, frequent and devastating famines, lack of modern technology and educational facilities, poor infrastructure, and massive unemployment, particularly in the rural areas. Due to the failed policies and the subsequent lack of development in the Sub-Saharan region that this research has proposed the use of the cooperative model as an alternative development strategy for the rural areas of the two nations studied, and went

32. Ibid., 27.
on to find out if these two nations have formulated and implemented policies which nurture and support their cooperative organizations, with a goal of improving the lives of their poor citizens, especially those who live in rural communities.

In his book, John Isbister regrets that the modernization theorists are optimistic, and continually argue that well designed policies can indeed lead to improved development in the less developed nations, resulting in improved socioeconomic status of the citizens. In rebuttal, Ibister asserted that these theorists optimism is short lived, since they fail to acknowledge that most governments in Sub-Sahara Africa formulate and implement policies without any regards for the inputs of the majority of their citizens who live permanently in the rural areas, and who are directly impacted by these very policies.

For comparison, Isbister cited the case of rural India, where during his research in the early 1990s, he found people in many regions were still desperately poor because their government had neglected policies that would have nurtured rural agricultural cooperative organizations, and also improved technological know-how, and hence, improved the socioeconomic conditions of their citizens. Isbister insisted that instead, the Indian government focused attention on policies geared towards nurturing domestic industries. Isbister also cited the nation of the Philippines, where poverty was then growing due to wrong government policies that had focused solely on protecting markets for local industries, while neglecting approaches that would have encouraged and nurtured exports of primary products, most of which came from the Philippine’s rural
areas. Isbister, therefore, concluded that the choice of poor development polices was the principal cause of stagnation and poverty in most under developed nations.\footnote{John Isbister, \textit{Promises Not Kept: The Betrayal of Social Change in the Third World}, 3rd ed., (West Hartford, CT: Kumarian Press, 1993), 64-65.}

Despite his hard line and outspoken views on the persistent underdevelopment in the under developed nations such as Kenya and Tanzania, the two under study, Isbister nonetheless found success stories amidst the lesser developed nations’ misery, such as that of the former communist nation of China. He stated that China had been an underdeveloped nation for a long time, but after years of Mao’s oppression, had created and adopted approaches which have ultimately resulted in the population committing themselves to maximizing their potential.\footnote{Ibid., 67.}

\textbf{Significance of the Study}

The lack of significant improvement in the socioeconomic status in the two nations studied, and also in the Sub-Saharan region, especially in the rural areas due to prior failed development models implemented in the region, can be alleviated by implementing integrated, people centered models, instead of experimenting with unrewarding models, many of which are of foreign origins. It is worth noting that the lack of development in the less developed nations, including both Kenya and Tanzania, due to multiple failed development models, is exemplified by the continued growing concerns from multiple scholars, including Claude Ake, Walter Rodney, Evangelos Calamitsis and many others. This study is therefore significant, since it proposes the use of the cooperative model as an alternative strategy for improving the socioeconomic
status of the poor citizens in Kenya and Tanzania, especially those living in the rural areas.

Additionally, Evangelos Calamitsis and the African scholar Claude Ake agreed on the fact that poor leadership in the African continents have partly contributed to the failed development in the region. Evangelos therefore castigated the misuse of aid in the African continent, adding that the aid that could be used to improve the socioeconomic conditions in many regions of African nations, generally benefits only a few national elites and international economic interests, and not the preponderance of poor citizens for whom it is truly intended. Calamitsis noted further, that despite continued international support for socioeconomic improvements in the region, there are increasing income disparities between the rich and the poor.

Calamitsis further asserts that not only have income gaps in Sub-Saharan Africa widened, but per capita incomes in most of the countries have actually dropped in absolute terms. The author went on to state that as a result of the current system of aid disbursement, “the African elites have become externally oriented and distracted from domestic opportunities that might produce sustainable areas, not only in the nations under study, but also in the rest of the African continent. This study is therefore significant because it calls for an alternative development strategy that would improve the socioeconomic status of the poor people, especially those in rural communities, not only in the study.

Calamitsis added that despite the benefits brought about by globalization, as evidenced by increases in real per capita income and other socioeconomic indicators of human welfare in many developed nations, these very benefits have not been evenly distributed because absolute income disparities still exist between the rich and the poor within the less developed nations such as Kenya and Tanzania, the nations studied. Calamitsis went on to reiterate that out of the world’s 6 billion people, about 2.8 billion of them live on about $2 per day and added that more than 1.2 billion more global citizens live on less than a dollar per day. No doubt, the problem is made worse due to the habitual mismanagement of aid by corrupt and self-centered leaders and their cohorts.

In addition to the concerns from the above mentioned scholars, the 2000 UN millennium report by the then former Secretary General, Kofi Annan, indicated that people living in Africa south of the Sahara, are almost as poor today as they were twenty years ago, adding that unfortunately, such deep deprivations created powerlessness, despair and also the eroding of fundamental freedom, which in turn, perpetuated ingrained poverty. The 2000 Annan report added that out of a labor force of three billion in 2000, more than 140 million were out of work, while a quarter to a third were underemployed resulting in notable income disparities, that caused Africa’s Sub-Saharan region to be rated second amongst all areas with the lowest incomes due to the higher rates of unemployment and underemployment.


Additionally, Guy Gran wrote in the opening statement of his book cited earlier, that as early as the 1980 it was apparent that development remained more of an illusion than a reality for the majority of the third world citizens. Gran wrote that “despite more than thirty years of rhetoric and financial expectation, true development had diminished for more than a billion global citizens, leaving them without even the basic necessities.”

Guy added that as a result of these multiple failures, there is need to define an operational and practical means of advancing human welfare. Most significantly too, Gran quoted the Lesotho Minister of Agriculture, Lerotholi, who at the 1979 Agrarian Reform Conference in Rome Italy, cautioned that in reality, the world was tightly in the hands of a few self-centered elites who rarely made inclusive polices and hence, he stressed that it would be almost impossible for the world’s bureaucracies to transform global rural societies, unless the rural masses are also represented in policy issues affecting their lives.

In his book, Michael Albert pointed out that if the cooperative movement is supported, nurtured, and successful, it will dispense democratic justice. This is evidenced by his quotation of U.S. Court Justice Brandeis, who contended that globally, human beings can either have a democratic distribution of wealth, or global wealth concentrated in the hands of only a few people. Albert, like Isbister and the former UN Secretary

38. Gran, Development by the People, 1983.
39. Ibid.
40. Ibid.
General, was concerned that most global leaders and corporate bosses have made, and continue to make, decisions that impact the majority of their citizens on a daily basis, without giving these same people an opportunity to participate in making the very polices that continually affect their lives. Thus, as a result, they have no choice but to live with these decisions, and face their consequences.

Albert concurs with both Annan and Isbister that it is important for nations to formulate policies that would allow all people’s input in the decision making process in proportion to the degree to which they are affected by the decisions made. Albert called this self management, since it allowed all to manage their potential abilities.\textsuperscript{42} Albert therefore concluded by reminding the readers that participatory theorists contend that dignified work requires each worker to have a collection of responsibilities that utilizes his or her potential, and also incorporates a fair share of empowering their fulfillment, as well as rewarding them for their labor.\textsuperscript{43}

Richard Steven Street clarified in his 1992 book, that twenty years before the book was written, community organizer and leader César Chávez had created awareness about the poverty status of the rural California farm workers, and pointed out that since the late 1970s, the poor people in many parts of California had created many multicultural community based organizations to serve specific functions, such as

\textsuperscript{42} Ibid., 2

\textsuperscript{43} Ibid., 5.
providing essential services, influencing politics, and defending the people's civil rights.\footnote{44} Street wrote further, that his book, which comprehensively focused on rural activism, gave the rural people an opportunity to define, propose, describe, manage their dilemmas, and also find solutions to their problems, which led to lasting positive changes in their communities. Street also maintained that the inspiration derived from his book had inspired rural people to speak and be heard, and thus, made them visible. This eventually gave the rural community the ability to organize themselves, and in the process, speak for all the people of world who are interested in the struggle for human rights.\footnote{45}

In line with this research, which proposes the use of collective cooperative development as a means to improve the socioeconomic status of the rural poor, Street's book motivated all well-intentioned community organizers who were struggling to find viable models for positively changing their rural areas.\footnote{46} Street thus ascertained that despite being faced with poor and dilapidated housing conditions, the farm workers in Soledad California successfully built cooperative based mobile homes and public park grounds. These efforts in return, transformed rural Santa Elena into an example of how organized rural poor people can themselves create a safe environment where their

\footnote{44. Richard Steven Street, \textit{Organizing for Our Lives: New Voices from Rural Communities} (Portland, OR: New Sage Press, 1992), 14.}

\footnote{45. Ibid.}

\footnote{46. Ibid., 6-14.}
children were able to acquire opportunities, vision, and dreams of a brighter future.\footnote{Street, \textit{Organizing for Our Lives}, 15.} Street noted that the ensuing empowerment of the poor in California’s Santa Elena allowed rural women to become assertive and self-confident. Consequently, they avoided cultural isolation that had for decades kept them and many other rural people from effectively participating in public life. Street went on to state that recent immigrants even joined them, and collectively worked within the system, and managed to gain voices and eventually a place in the American society.\footnote{Ibid., 14-15.}

The Cooperative Movement in East Africa

The two nations of Kenya and Tanzania were selected for this research study because of their unique histories with the cooperative movement. This uniqueness is evidenced by the cooperative movement that was initiated as part of the post independence policy strategy, which was geared towards improving the socioeconomic conditions of the citizens of the two East African nations studied.

Professor Chambo states that the cooperative movement did not arise by chance. That indeed, the cooperative model had emerged due to its ultimate necessity during the early European industrial revolution, when despite notable economic strides, many European citizens still faced multiple socioeconomic deprivations most of which could not be sufficiently advanced by their governments, thus forcing them to take matters into their own hands and form cooperative organizations as a way to satisfy their unsatisfied
Additionally, Professor Chambo avowed that cooperative organizations thus acted as tools to encourage and promote a dialogue with existing government institutions, and hence, recommended the creation of policies and legislation that are not only favorable to the governments, but also the members of the cooperative organizations and the rest of the civil society.

Professor Chambo added that in both Kenya and Tanzania, as well as many African nations, the cooperative movement had historically been associated with the marketing of agricultural primary products such as coffee, cocoa, cotton, tobacco, pyrethrum, cashew nuts and many more. However, it was well documented that export of Africa’s domestic commodities has faced an uphill battle due to several reasons and not just limited to unfair commodities prices.

Additionally, Professor Chambo, at his July 2009 presentation, explained that despite the fact that the marketing of agricultural commodities has been the mainstay of the cooperative movement in East Africa as well as in many other African nations, the cooperative organizations have proven vulnerable to the ever changing forces of international economic systems, including the erratic global prices and the forces of supply and demand. Chambo added that in the last few years, the cooperative movement in the continent exhibited a steady, positive side by getting involved in the provision of financial services, and to some small extent, in the mining industries in several Sub-Saharan African nations, including Tanzania.


50. Ibid., 4.
Professor Chambo maintained that through previous research studies, it was his contention that as long as the disparity between the rich and the poor widened, the cooperative movement would continue to be vital in the fight against poverty, and socioeconomic injustices. To add weight to his convictions, Chambo cited nations such as Germany that had attained a successful cooperative movement due to the nation accepting the cooperative organizations as a part of the industrial economy.51

These dated cooperative organizations’ efforts have therefore thus influenced the proposal put forward in this research which advocates for the use the cooperative model as an alternative strategy for rural development in Kenya and Tanzanian instead of depending on impractical but nonetheless idealized models most of which have foreign origins and have repeatedly failed for decades, despite the pomposity, glorification and the fanfare accorded these very models at inception.

**Kenya: A Brief History of the Cooperative Movement**

Compared to most countries in the Sub-Saharan Africa, Kenya, the smaller of the two nations studied, has a well-known rich history of collective cooperation in the informal sector, due to the strong emphasis that had been placed on the post-independence development policies. This was referred to as the *Harambee* spirit which means group or collective cooperation and participation in as a means for achieving the much needed post-independence reclamation of Kenya’s land which had fallen into the hands of the departing colonizers and other foreign settlers.52

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51. Ibid., 5.

52. *Harambee* means *pulling together* of resources of human energy as a way to quickly accomplish tasks, nation building, and also maintaining community interconnectedness.
Kenya’s Collective Harambee Spirit

Soon after independence, the first president of Kenya, Jomo Kenyatta, heralded collective cooperation as away to motivate Kenyans to come together, and not only build their own nations according to their specific needs, but also to use the Harambee ideology as a way to raise funds that were needed for the many post independence development projects. However, not long after in the 1970s, the spirit of Harambee was gradually diluted and misused, not only by politicians, but also by political aspirants and other powerful Kenyans who either raised or donated money to gain favor and fame throughout the country. Note however, that most ordinary Kenyans still use Harambee as a method to resolve tasks or projects that would otherwise not be accomplished single handedly. Some of these projects include, but were not limited to, rural school constructions, collecting money to find colleges, taking care of orphans, paving rural roads, constructing water holding reservoirs, building rural health care centers and many more. Other forms of Harambee collectivism include but is not limited to ordinary Kenyans coming together to assist each other plant, weed, spray or even harvest each other’s crops instead of seeking paid help.

A research paper by one of the deputy commissioners at the ministry of cooperative development and marketing in Nairobi Kenya, J. K. Kenduiywa, chronicled the history of the cooperative movement in Kenya from the early twentieth century. Kenduiywa traced the involvement of the white settlers in the cooperative movement in Kenya, and noted that the settlers dominated the cooperative movement with the sole purpose of marketing their own farm produce, and also for acquiring farm inputs at
reasonable rates, while denying the indigenous Kenyans similar benefits. Kenduiywa noted that some of the early cooperative organizations dated as far back as 1908.

Such farmer organizations were formed in selected areas of Kenya with the best fertile land, such as in the great Rift Valley province, the highlands around the capital city of Nairobi, selected fertile regions in eastern and central provinces, and many other areas that could support the growing of cash crops, such as coffee, tea, and many more that provided foreign currency for the colonialists and their elites cohorts. One of the first of these cooperative organizations was the Lumbwa Farmers Association, which is still located in the present day Kipkelion district in the Rift Valley Province. Kenduiywa clarifies that these early farm organizations were registered under the Company’s Act, and not as cooperative organizations, since at that time there was no cooperative legislation in Kenya.53

Kenduiywa stressed that it was not until 1931 that the Cooperative Ordinance was legislated.54 The 1931 ordinance thus lead to the registration of multiple cooperative organizations that were previously registered under the Companies Act, although they continued to operate under the Company’s Act until later.55

Tanzania: A Brief History of the Cooperative Movement

The works by Chaudhri and Lea reaffirmed that cooperative organizations can play an important role in mobilizing the peasants into self-sustainable growth, adding that

54. Ibid.
55. Ibid.
such an act was not unique in Tanzania, due to the known history of cooperative experience.\textsuperscript{56} The larger of the two nations, Tanzania also had a unique history of the cooperative movement in her rural communities, as evidenced by Nyerere's own writings, and an affirmation by multiple authors. This large East Africa country, (formally Tanganyika before her unification with the island nation of Zanzibar), like Kenya, had been indoctrinated into the socialist collective cooperation model very soon after the nation's independence from Britain in 1961, by the first president Julius Nyerere. Thereafter, President Nyerere, who was referred to as Mwalimu, the teacher, systematically organized the citizens in the rural areas into mandatory working cooperative villages known in Swahili as Majimbos.

Critics however, dismissed Nyerere's post-independence socialist cooperative philosophy as mere infatuation with eastern socialist ideals. Despite the criticism however, Mwalimu Nyerere did not change cause, but instead, reaffirmed his new socialist ideals six years after independence at the 1967 Arusha Declaration, due to his belief that his socialist ideologies had its roots in the African cultural socialism.\textsuperscript{57} McHenry stated that, unlike the hardcore socialists, Mwalimu J. Nyerere saw the socialist ideals as a means for improving the socioeconomic status of the citizens of his newly independent nation, especially those in the rural areas. McHenry also added that from the time of the announcement of the Arusha Declaration in early 1967, formal commitment to nationalized collective cooperation founded on eastern socialism ideals was an

\begin{itemize}
\item \textsuperscript{56} David M. Lea and D. P. Chaudhri, eds., \textit{Development and the State} (London: Methuen & Co., 1983).
\item \textsuperscript{57} Dean E. McHenry, \textit{Limited Choices: Political Struggle for Socialism in Tanzania} (Boulder, CO: Lynne Rienner, 1994).
\end{itemize}
expectation for all of Tanzania’s political participants who, thereafter were trained on how the socialist ideals would be achieved, and not necessarily whether or not socialism ought to be the goal of this East African nation.⁵⁸

**Research Questions**

This is an explorative qualitative research study which after proposing the use of use of the cooperative organizations model as an alternative strategy for development in rural Kenya and Tanzania, goes on to find out the types of policies which had been formulated and implemented to support their rural cooperative organizations with a goal of improving the socioeconomic conditions of their poor citizens, especially those living in rural communities. The hypothesis for this research is therefore that; both the governments of Kenya and Tanzania have between 1960 and 2009, formulated and implemented policies to nurture and support their cooperative organizations, with a goal of improving the socioeconomic conditions of their poor citizens especially those living in the rural areas. The research questions explored in this research included:

RQ1: What is unique about the cooperative history in the two nations studied?

RQ2: What types of policy strategies have been implemented by both nations between 1960 and 2009?

RQ3: What is the role of the cooperative ministries in both nations?

RQ4: How many cooperative organizations exist in both countries and what are their memberships?

RQ5: What is the most common type of cooperative organization?

⁵⁸. Ibid.
RQ6: What is the status of the cooperative education in both nations?

RQ7: What is the financial status of cooperative organizations in both nations?

RQ8: What is the status of poverty in both nations and have the policies focused on reducing the poverty?

RQ9: What is the status of job creation by the cooperative organizations in both nations?

RQ10: Besides job creation, what are other benefits of the cooperative movement in these two nations?

RQ11: What types of policies and support have the nations of Kenya and Tanzania received from the global community?

Summary

The preceding chapter gave an introduction of this research study that proposes the use of the cooperative model as an alternative development strategy for rural development in both Kenya and Tanzania. Secondly, the research conducted and an analysis of the policy support by Kenya and Tanzania the nations under study, to find out if they formulated and implemented policies to nurture and support their cooperative organizations, with the goal of improving the socioeconomic conditions of their poor citizens, especially the rural poor.

The chapter started with a brief introduction of the purpose of the study. This was followed by an equally brief discussion of the background problem based on the fact that despite a continued flow of aid into the two nations studied, as well as the rest of the
African continent, and more than forty years after independence, most of countries in the Sub-Saharan region still remain some of the poorest nations in the world.

The statement of the problem followed, indicating that despite the potential of the Sub-Saharan African nations, including the two studied, because even though they are endowed with natural resources such as gold and diamonds, cash crops such as tea, coffee, cocoa, and other valuable primary resources, these nations have not yet attained sustainable development. The significance of the study followed reaffirming credible concerns from multiple sources, including scholars who have repeatedly lamented over the lack of sustainable socioeconomic development, not only in the Sub-Saharan Africa but in the less developed nations globally, despite many decades of efforts by hopeful poor citizens, and also from foreign benefactors. The proponents for change blame a host of reasons for the lack of socioeconomic development, including the misuse of the development assistance by the recipient nations, by corrupt officials and their elite friends, and improper past development policies.

Last but not least, the research questions followed. They included but, were not limited to, finding out how many cooperative organizations exist in the two nations and the types of policies that have been formulated in the respective countries from 1960-2009 to support the cooperative organizations, and many more as indicated above. Chapter two follows with a focus on the literature reviewed.
CHAPTER II
LITERATURE REVIEW

Propose of the Study

As indicated in the previous chapter, this study proposes the use of the cooperative model as an alternative development strategy for rural development. It went on to do a policy analysis in an effort to find out if the two nations studied had formulated and implemented policies which nurture and support their cooperative organizations, with the goal of improving the socioeconomic conditions of their poor citizens, especially those living in rural communities. This chapter therefore presents the literature reviewed used in this research study. The review includes brief discussions of the strengths, weaknesses, gaps, and the relationships of the literature reviewed. A brief summary comes at the end of the chapter.

The literature reviewed was pertinent not only to the African continent, but also to the global cooperative organizations in general. Johnson Birchal’s article is used to chronicle the history of the cooperative movement as far back as 1895 to the 1920s. Similarly, the well-known supporter of the cooperative movement, James P. Warbasse sheds light on issues pertaining to the cooperative movement in his 1927 and 1936 publications. Amongst other important issues related to the cooperative organizations, Warbasse discussed; the important role rural cooperative organizations played in people’s lives including empowering the less advantaged and poor citizens to strive to improve
their standards of living through collective cooperation and in the process, achieve socioeconomic advances in areas that they would otherwise not achieve if they attempted to act individually or single handedly.

Analysis and Synthesis

In one of his many writings, Professor Suleman Adam Chambo maintained that the cooperative movement is not new since cooperative organizations have been in existence since the era of the European industrial revolution when, despite the changes that had been brought about by the industrialization era in certain European nations, some of their citizens were nevertheless excluded from the benefits of these revolutionary change. Instead, they felt marginalized and thus resorted to form their own cooperative business organizations in an effort to improve their socioeconomic status.¹

The renowned long time cooperative proponent James Peter Warbasse concurred with Chambo by indicating that in response to their lack of life’s essentials, the disadvantaged European citizens got together and formed their own collective business enterprises such that by the 1920s, about a third of the population was involved in the cooperative movement in one way or another. In Switzerland, for example, more than half of the families belonged to a cooperative society.² The aim of these organizations

1. Adam Suleman Chambo, Relevance Opportunities and Challenges of the Cooperative Movement in Africa (Moshi, Tanzania: Moshi University College of Cooperative Development and Business Studies), 4.

was to administer mutual services for their members that would otherwise be in the hands of profit-seeking corporations, or in the hands of the state governments.³

Warbasse added that the steady growth of the cooperative movement in Europe through the integrated efforts of the members of the civil society thus grew steadily as early as 1844. Warbasse maintained that even these early cooperative organizations were guided by the same principles of cooperative democracy which are still in use today.⁴ As indicated earlier, Warbasse dedicated his 1927 book to the consumers and members of the civil society in general, whom he avowed, had the great potential to organizing themselves to create and operate democratic cooperative organizations.

In his conclusion, Warbasse declared that the benefits accrued by cooperative members were obviously the motivating factor that drove up membership resulting in the cooperative organizations growing as they matured. This ardent cooperative supporter of the cooperative movement added that ultimately, “cooperative organizations are capable of creating social organizations that can be easily integrated into individual state economic systems all over the world as was evidenced by the successes of the early 1920s and 1930s in Europe and North American.”⁵ The above mentioned success of the cooperative movement thus resulted in the creation of a global cooperative alliance called the ICA, International Cooperative Alliance which is discussed briefly below.

³ Chambo, Relevance Opportunities, 4.
⁴ Ibid.
⁵ Ibid, 9.
The International Cooperative Alliance

The International Cooperative Alliance is a nonpolitical league which represents all global cooperative organizations in their collective efforts to apply and use the cooperative principles in their international relationships. It thus acts as an apex organization for all global cooperative organizations.

Johnson Birchal traced the history of the ICA as far back as 1895 and looked at the democratic theories of cooperative participation and at the same time assessed the future of the cooperative movement. Birchal also analyzed the principles of the ICA and reaffirmed the underlying cooperative philosophy and its application in the management of the cooperative organizations and felt that the application of the philosophy in managing the cooperative organizations was sound; however, it needed continued adaptations to keep up with the changes taking place in the contemporary global systems.

Another important function of the ICA is to create harmony within the international cooperative community by disseminating cooperative news and information through its official publication called the ICB, International Cooperative Bulletin which is considered the official organ of the cooperative alliance. Since inception in 1908, the ICB has been published regularly, every month in three languages. The ICB has grown to represent more than 700 million people worldwide following its formation in 1895 and still functioning well in the best interest of the cooperative members today in response to
changing global socioeconomic needs. The growth and the acceptance of the global cooperative movement thus resulted in increased recognition of the ICA.

The UN’s Concern for Lack of Uniform Global Development

The lack of development in many less developed nations and the resulting poverty had been recognized and discussed for many decades. However the concern gained momentum in the 1990s as was evidenced at the March 1995 UN Social Summit and during its 50th anniversary celebrations. At the anniversary celebration, the UN amongst other issues, defined its goals for the coming decades and stated it’s concern that; “... it is easy to lose perspective of the world’s problems due to the pervasive global uncertainty because we currently live in a world where as soon as one problem is resolved, another problem takes its place resulting in policy makers passing legislations to tackle the more immediate concerns and not necessarily the most important ones.”

A 2003 UN report declared further that upon close examination, it was clear that there exists a dichotomy of “unprecedented human progress and advances in several fronts, while in many other areas, unspeakable human misery exists.” It added that it is unfortunate since in the current world, “breathtaking global prosperity is taking place alongside ingrained and depressing globalization of poverty and that “unprecedented

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8. Ibid., 1.

9. Ibid.
development in the industrial nations was setting a pace three times faster than they did three decades earlier, while the less developed nations lagged behind. As a result of the UN's concern for global depreciations and poverty, one of the goals of the UN's MDGs the Millennium Development Goals was to reduce by half, the estimated 29 percent of poor people worldwide by the year 2015.11

A 2003 WDR, World Development Report then warned that despite the sum of global human development being is selective; many the factors affecting humanity tend to become permanent. This UN report thus called for integrated efforts to reassure humanity about their ability and capacity to engineer their own changes which can transform the world into a better place for them.12

Some Contributions of the Cooperative organizations in the Early 1900s

As indicated earlier, the cooperative movement had its roots in the European continent where as reiterated documented by many sources, some of the most famous cooperative organizations such as the Rockdale Pioneers and the Mondragon were created. Besides the two, Peter Warbasse indicated that in 1922, a Swiss group acquired 374 electric producing cooperative organizations that provided electricity acquired from the Swiss mountain streams to its members. Similarly, housing cooperative organizations in Denmark, Germany and Switzerland are known to have acquired and allocated homes

10. Ibid., 1-3.
11. ILA International Labor Office and the ICAW International Cooperative Alliance Workshop, June 4-6, 2003.
12. Ibid.
to their members around the same time period. These homes were cheaper than those supplied by the local governments and different regional municipalities.\(^{13}\)

Warbasse added that a French cooperative association passed a resolution in 1922 calling for the establishment of local cooperative society ordinances with the goal of supplying the cooperative members with daily essentials such as water, electricity, gas and more.\(^{14}\) He noted that in those early days, Italy had over 4,000 consumer societies, with over 500,000 members, not to mention the membership in Holland, the Scandinavian countries and many other European nations. Warbasse also cited the case of the 1922 Russian Borovitc-Valdai cooperative society, which covered a large district in their successful efforts to install street lights in 250 out of 480 villages and that 1927 global data indicated that Ukraine had more than 6,000 consumer cooperative organizations, with over 1,000,000 members.\(^{15}\)

Warbasse added that besides the European continent and the Soviet bloc, the cooperative movement grew steadily in the United States over a fifty-year period due to the multicultural awareness and also due to knowledge of the benefits of cooperative organizations which had been introduced by immigrants coming from foreign nations where the cooperative organizations had already been well established.\(^{16}\) Some of these well-established organizations included but, were not limited to the Rockdale Pioneers

\(^{13}\) Warbasse, *Cooperative Democracy*, 121.

\(^{14}\) Ibid., 121.

\(^{15}\) Ibid.

\(^{16}\) Ibid.
and the Spanish Mondragon which had been mentioned in the introduction in chapter one.

**A Recent Global Perspective of the Cooperative Organizations**

A journal article by Carl Liendholm et al. reported on African colonial era studies which had used data from more than 30,000 firms which had been collected from stratified random samples in African nations studied. These samples provided Liendholm with information on the following: initiation of their cooperative organization, their growth and magnitude of rural cooperative firms in the African nations studied that included Kenya, Southern Africa, Zambia, Swaziland, Botswana, Zimbabwe and Malawi. Liendholm stated that by highlighting the dynamics and the importance of rural based small cooperative enterprises, this study had shed light on the characteristics of rural firms. 17 The authors also added that there was notable rural productive growth, especially in the agricultural sectors, due to an increased demands arising from the presence of cooperative organizations throughout the African continent.

The Liendholm found that cooperative organizations provided 20-45 percent of fulltime employment and about 30-50 percent of rural household incomes in some of the colonized territories studied. The report concluded that cooperative business enterprises consisting of fifty or more people in the rural areas had gained both promise and prominence in generating employment outlets in many parts of Africa. 18 This article was

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18. Ibid.
useful in illustrating the importance of rural based cooperative enterprises whose successes can subsequently lead to an improvement in the socioeconomic status of the participating citizens.

A United Nation's international development report also reiterated that cooperative organizations can be instrumental in providing solutions to some of the problems that would otherwise be in the hands of the private sector. Solutions such as transforming and improving rural productive systems and other forms of community based social mobilizations. The UN report concluded by stating among other issues, that collective actions remain predominantly essential not only for development in marginalized areas but, also for creating a just society which promotes social networks, improves incomes and other socioeconomic inequalities, just to mention a few.\textsuperscript{19} Note that despite this being a good international report, the content was not very easy to understand due to the grammatical construction, leaving one to hypothesize the report was either written or translated by a non-English speaker.

In his book, Nourse discussed among other issues including; the evolution of new cooperative based business organizations. Nourse went on to analyze the economic objectives of agricultural cooperative organizations and their significance as viable small-to-large-scale organizations which can benefit certain members of the society. Lastly, Nourse examined the legal aspects of operating cooperative organizations in general.\textsuperscript{20}

\textsuperscript{19} Eduardo Ramirez and Julio Berdegue, \textit{Fondo Mink'a de Chorlavi}, Canada: International Development Research Center (IDRC), 2003.

Wieting, on the other hand, examined the extent and the importance of the consumer cooperative movement including their influences on democratic controls, not only in the United States, but also globally. The author further examined the teachings of cooperative organizations in general, the way consumer cooperative organizations have been evaluated and finally, the functionality of the cooperative principles, just as Arvin Schars and Henry Barkken did in the literature that will follow shortly.21

Lloyd on the other hand, wrote a descriptive report on the cooperative movement in Italy using literature 1921 literature. This included; the origins of the cooperative movements, the forms of the cooperative organizations, some of the achievements of these cooperative organizations, the relationship between the cooperative societies, the industrial productive capacities of cooperative organizations, the influence of cooperative organizations on political action, and several other issues related to the successes of the global cooperative movement in general. Lloyd concluded that there is need for a scientific exploration of the different cooperative organizations.22

Gorst studied the spread of the cooperative movement in twenty-eight British territories including Ghana, Kenya, Malawi, Tanzania, Zanzibar and others in the Sub-Saharan region.23 Gorst based his discussion on the hypothesis that cooperative work


amongst the illiterate and semi-illiterate peasants was the best foundation for democratic self-governance, since the collective cooperation teaches the participants how to manage their own affairs. To illustrate his case studies, Gorst used a two part survey in his methodology. The first part was devoted to multiple development indicators, while the second part summarized the progress of the cooperative movements in the nations studied, using the cooperative organization’s own annual reports. To highlight his case study, Gorst cited both India and Ceylon which then had some of the more advanced self-governing cooperative organizations in the world.

The discussion included Ghana’s successful efforts in cocoa production prior to independence, the marketing of cotton, coffee and many indigenous agricultural products in both in East and West Africa. The author further discussed the relationships between the cooperative organizations, the marketing boards, and the role of governments in their efforts to control and finance the cooperative movement in West Africa. Gorst also examined the liquidity of the Nigerian cooperative associations and added that by 1952, Nigerian cooperative organizations had been transformed to include at least thirty eight cooperative organizations which then consisted of more than 10,000 members. He regretted however that; some of these Nigerian cooperative organizations declined a few years thereafter.

Gorst concluded that although the formation of cooperative organizations was mostly a post World War II experiment, it turned out to be successful, despite the sometimes very minimal formal support from national governments during the 1950s. The uniqueness of the Gorst article is that he devoted a lot of effort in examining and
summarizing the developmental achievements in all of the areas that he studied. Note that Gorst also devoted more time to discuss the NCSA, Nigerian Cooperative Supply Association which had been formed prior to World War II for the purpose of buying and distributing equipment and stationary to its members.24

Henry Barkken and A. Marvin Schars divided their book into five sections. Each discussed important aspects of the cooperative movement such as; the movement’s historical development, its evolution, the cooperative philosophy, the setting up of cooperative organizations, cooperative economic theories, essential principles and practices of cooperative operations, management of the cooperative organizations, their financing and their unique goal of pooling together minimal recourses to achieve desired common goal which would otherwise not be achieved individually. The authors concluded by reiterating the importance of the cooperative movement.25

In their book, R. Jackall and H. M. Levin, examined worker cooperative organizations in the United States. This included their history, the challenges they faced and then articulated on the untapped potentials of these cooperative enterprises. The two authors also indicated that one of the objectives of forming worker cooperative organizations includes but, is not limited to, facilitating group self-determination, the quest for employment, the creation of job security and much more. The authors further analyzed the recurring problems that the cooperative organizations generally face as well


as their legal and structural underpinnings and the financial aspects of both small and large scale organization.  

In volume two of a three parts series, Joseph G. Knapp examined and discussed how cooperative organization made great strides, despite the unique conditions that prevailed in the United States between 1920 and 1945. Knapp then emphasized the importance of cooperative education, research, and the strengthening of cooperative organizations

Knapp further clarified that one of the greatest bursts of cooperative organizations in the United States came following the creation, the legalization and passage of the Capper-Volstead Act of 1922 and later, the passage of the CMA, Cooperative Marketing Act of 1926 and then admitted that the implementation of the above acts resulted in the improvement of worker cooperative organizations, which eventually led to the formation of the U. S. National Cooperative Council (NCC) in 1929. Knapp concluded that all the efforts that had been targeted towards improving the cooperative movement led to better relationships between the worker cooperative organizations and the government.

Stravenhaven wrote a 1973 book on the agrarian population in Latin America, also studied the post-independence cooperative era in South Africa. He indicated that despite the apartheid era deprivations, 1994 thus ushered in new democracy in South Africa that accorded the native citizens the rights to collective association with a goal of


improving their socioeconomic status. The Stravenhaven report concluded that the post independent South Africa’s true cultural and socioeconomic activities could then be realized both in the urban and the rural areas due to changes in policy and strategies that never existed under the apartheid dominated government.  

28. Umbrillo concurred with Stravenhaven and stated that the virtue in the new cooperative based economic sector ought to focus on recognizing the needs of both the urban and the rural population.  

A report by a representative of the ICA, International Cooperative Alliance at a regional workshop held in Dar es Salaam the capital city of Tanzania from June second to the sixth, focused on the important role of cooperative organizations in designing and implementing poverty reduction strategies in the less developed nations. This regional workshop came as a result of the 2000 UN millennium summit where world leaders gathered and consequently agreed on a set of development goals which they called the Millennium Development Goals (MDGs) whose aim was to focus on reducing poverty in the less developed nations globally.  

In response to the rural-to-urban-migration dilemma facing many less developed nations, the report by Harris and Todororecognized the existence of a politically determined urban minimum wage mandate, legislating substantially higher pay levels compared to that of the rural based agricultural wages, and the resulting psychological pull of individuals from the rural to urban areas. The Todororo and Harris report concluded


that the urban-wage differential was to blame for the rural-to-urban migration pull in many African cities including the two studied and hence the need for viable strategies which will improve incomes in the affected rural areas.\textsuperscript{31}

A research conducted by Sahn and Stiel with support from SAGA under the cooperation between USAID, Cornell University and Clark Atlanta University examined and compared the relative importance of monetary poverty in rural versus urban areas in some African nations. It also examined the relative and absolute rates of change in the two areas. The two authors used seven socioeconomic indicators to examine the above problems. The report also presented the levels of rural versus urban socioeconomic differences for these African countries. The two also conducted an urban-rural decomposition of inequalities within, versus and between the rural-urban dwellers assets, educational levels and health status among others. The results indicated that living standards in the rural areas lag far behind those of the urban areas. Note however the study found no declining standards of living differences in standards of living between the urban and rural dwellers.\textsuperscript{32}

**African Perspective of the Cooperative Movement**

In the opening chapter of a book edited by Fiona et al, Peter O. Ondiege, a lecturer at the regional and development planning center at the University of Nairobi, wrote that Africa’s economic structures essentially define the continent’s important

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\textsuperscript{31} Harris and Todoro, “Migration, Unemployment and Development,” 126-142.

features and the core problem of its underdevelopment. In the discussion, Ondiege cited some of the basic bottle-necks within the continent such as; the structures of production, consumption trends, the employment environment and other sociopolitical indicators, such as mass poverty, persistent food shortages, progressively declining productive capacities, the weak production base and obviously, the continent’s backward technological trends.33

Ondiege quoted the Organization of the African Unity (OAU) 1986 report which identified that some of the fundamental characteristics of the African continent consist of a vicious circles of excruciating poverty and extreme to severely low levels of productivity. This is made worse since it exists in an environment often devoid of basic needs and social infrastructure such as business capital enterprises, skills, research capabilities, technological know-how and many more variables which are absolutely mandatory for improving socioeconomic conditions.34

Ondiege continued to lament and express concern that this crisis is also “exacerbated by negative factors that affect economic performances such as; progressive inflation, instability in export earnings, swelling deficits and balance of payments, the debt burdens from the Structural Adjustment Programs (SAPs) and many more. Ondiege also discussed the sociopolitical environment of Africa’s economy, which he felt had inherently leaned outwards into dependency.35 In the body of this article, Ondiege


34. Ibid., 125-130.
discussed the notable negative tendency of the continent to rely to a large extent on the agricultural sector to generate essential amenities such as food, cash crops, foreign exchange, domestic revenue, and many other needs, while neglecting the informal sector.

Ondiege concluded that most of the above mentioned problems can be attributed to government policies that traditionally favored the urban areas at the expense of the rural areas, continued dependency on external handouts and many more negative characteristics. The Ondiege literature thus reaffirms the core concern of this research, which is based on the fact that many African nations, including the two studied, have failed to attain sustainable development despite receiving large amounts of foreign aid. Secondly, the Ondiege report also reaffirms the need for alternative policies that would empower the marginalized citizens and the informal sectors as a way to reduce the poverty existing in several African nations as well as the two studied here.

In his 2009 presentations, Professor Chambo acknowledged that the Africa continent has witnessed many socioeconomic upheavals, such as the 2009 economic crisis, increased unemployment, homelessness and many more chronic ails which resulted in pronounced human sufferings. Chambo, nonetheless maintained that solutions to the above problems need not come only from the governments, but also from members of the civil society through collective actions and that members of the civil society ought to bond together to alleviate their socioeconomic problems and hence the relevance of his

35. Ibid., 126.

36. Ondiege, Development from Within, 123.
research which has proposed the use of an alternative strategy to improve the socioeconomic conditions in the rural areas of the two nations studied.37

The Jonathan Baker study indicated that the nations he studied which included but, were not limited to Botswana, Kenya, Nigeria, and Zimbabwe had by the 1990 implemented programs that were in essence, biased in favor of urban development at the expense of the rural areas. This report however, is not very clear, probably due to having been originally written in a foreign (Norwegian) language or due to being translated into English from a foreign language. Although the report does not focus on nor advocate for the need to reverse the rural-to-urban migration, it concluded that the establishment of rural enterprises can improve the socioeconomic status of these marginalized areas.38

The report’s conclusion that the nations studied had implemented policies which favored urban areas at the expense of the rural communities is similar to Ondiege’s findings. Similarly, like the Ondiege report, the Baker study also supports the premise of this research, which advocates for rural based enterprises as a way to improve the socioeconomic status of the marginalized citizens many of whom live in the rural areas.

Professor Suleman Adam Chambo who like Warbasse, is a proponent of the cooperative movement and a believer in the cooperative model of development, stated that the previous statist orientated development models commonly practiced in the African continent is gradually being replaced by members-driven or group-centered development


models which are currently attracting foreign support unlike the past periods when traditional donors kept their distance and did not support the many genuine members operated organizations due too much government involvement in the organizations.

Chambo thus expressed gratitude to the United Kingdom for supporting several ILO sponsored Cooperative Africa Programs that had made significant efforts to revive many African cooperative organizations. However, Chambo clarified that although financial cooperative organizations in Africa had traditionally been based in the urban areas the trend has changed and hence there is added optimism as many financial cooperative organizations are currently moving into the rural areas where they are being integrated into the reformed agricultural cooperative marketing businesses.

Chambo concluded by expressing that many governments have realized that they (governments) alone cannot solve the continent's poverty and poverty related problems but, they ought to include other willing participants from the private sector and the civil society to, collectively formulate strategies for alleviating the continental poverty.39

East African Vista of the Cooperative Movement: Kenya and Tanzania

Through the 1997 writings of Nienhaus and Braulsipe, Professor Suleman Adam Chambo contends that as long as the disparity between the rich and the poor widens, the cooperative movement will continue to be an essential instrument to fight the many injustices brought about by poverty. Professor Chambo also cited nations such as Germany which had in the past, achieved successful cooperative businesses because the

organizations have been accepted by the government as a part of the nation’s industrial economy.\textsuperscript{40}

\textbf{Kenya}

As reported earlier, J. K. Kenduiywa, one of the deputy commissioner at the cooperative ministry had traced the history of the Kenyan cooperative movement and acknowledges that despite the amended CSO, Cooperative Society Ordinance being passed in Kenya in 1931, it only formalized and supported the existence of European cooperative organizations, while forbidding indigenous Kenyans not only from forming their own cooperative unions but, also from participating in any cooperative activities except under special conditions. The Kenduiywa report indicated that the colonizers and the white settlers had rationalized that:

- Allowing indigenous Africans to venture into economic activities would result in competition and a threat to the dominant European settlers in many ways such as a reduced local laborer force, hence jeopardizing the availability of cheap labor, which the settlers had gotten used to exploiting for their own selfish needs.

- It was also feared that allowing the local Africans to form their own cooperative organizations would empower them politically and transform the associations into political forums or entities that unfortunately, were then viewed as a threat to the dominant ruling settlers and their cohorts.\textsuperscript{41}

Like kenduiywa, Kiros too acknowledges that only the post-independence policy changes resulted in a surge of cooperative unions with 1030 cooperative societies being registered soon after 1963. The largest increase came within three years after independence such

\textsuperscript{40} Chambo, \textit{Relevance Opportunities and Challenges of the Cooperative Movement in Africa}, 5.

\textsuperscript{41} Kenduiywa, \textit{A Hundred Years of the Cooperative Movement in Kenya}, 5.
that by 1966, least 200 cooperative societies were formed all over Kenya. These numbers increased to a total of 2,000 new cooperative organizations in 1972.  

Thereafter, the formation of cooperative organizations and the memberships continued to increase but, at a slower rate due to the more restrictive amendments to the CSA, Cooperative Societies Act/Ordinance which unfortunately resulted in the liquidation of most rural cooperative organizations, leaving only a few monopolistic national cooperative unions which were based almost exclusively in the urban areas.

**Tanzania**

Tanzania, formally Tanganyika, is the second nations studied. It holds a unique positioning in the cooperative movement due to having been indoctrinated into the art of Ujamaa cooperative socialism or Ujamaa by the first President of the nation Mwalimu Julious Nyerere who gradually organized Tanzania’s rural population into mandatory working cooperative villages or majimbos soon after independence in 1960. McHenry reaffirmed that Nyerere’s concept of his nation’s socialism was based on the principle of “ours and not mine” and of universal rights to the nation’s property whereby the nation’s resources as belonging to all members of the community.  

Nyerere therefore set out to achieve three major objectives after independence: unity, equality of all citizens while at the same time, incorporating essential factors of socialism nationally into the daily lives of workers, especially those living in rural

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farming communities McHenry goes on to clarify further that Nyerere took this stand partly due to his ideological tendencies which were associated with the norms of forming coalitions by those holding power.  

While Nyerere received some support for his concepts, there were more critics than supporters of his ideology. McHenry writes that despite the criticism, Nyerere did not abandon his socialist ideals because he had been deeply influenced as a student abroad by European socialists who were then well known then as top champions for the rights of the colonized people globally.

McHenry further added that through the art of collective cooperation, other African leaders besides Nyerere found an idea which they were familiar with due to their similar African social upbringings in which everyone cared for and looked after the interests of everybody else within their communities and far beyond. McHenry added however that; other African leaders did not openly manifest their socialist ideals but nonetheless, it found it more acceptable in comparison to the capitalist practices which they inwardly to be exploitive in nature. McHenry added further that the degree of the acceptance of the socialist ideals by many less developed nations during the post-independence era brought about them a period of optimism which in Tanzania united the citizens and created in them, a strong sense of self-confidence, determination and also gave them the motivation to make bond together in an effort to achieve their immediate needs.

44. Ibid., 17.

Summary

Among other issues, the literature reviewed identified many problems resulting from lack of socioeconomic advancement in the nations studied as well as many in the Sub-Saharan region and also shed light on the many benefits which can result when members of the civil society are empowered to use collective action to improve their socioeconomic status. Both Peter Warbasse, Adam Chambo and others concurred that the important role played by the cooperative organizations is not new but, had been in existence since the European industrial revolution. Johnson Birchal clarified that the cooperative organizations have since then gained further prominence and gained continued support from the ICA the International Cooperative Alliance.

Schar and Barkken examined the teachings, functions and evaluations of cooperative organizations as did Lloyd who examined the origins, formations, achievements and the influences of the cooperative organizations on political actions. They concluded that there is need for scientific explorations and the reexamination of other issues related to successes of global cooperative organizations. In his study of 28 African nations, Gorst, detailed their success in the production and marketing agricultural products such as; cocoa, coffee and cotton in both the west and the east coast of African during the colonial era. Gorst reiterated and concluded that cooperative organizations lay a strong foundation and foster democratic self-governance which allow ordinary citizens to manage their own affairs.

Jackall and Levin concurred with Gorst and added that cooperate organizations definitely facilitate self-determination, create employment and offer job security due to
their long term nature. Joseph Knapp laid out the unique conditions under which the US cooperative organizations managed to thrive from the 1920 to the 1940s while Rodolfo Stravenhaven examined and discussed the cooperative movement in both South America and post-apartheid South Africa. Knapp concluded that the 1994 democracy in South Africa accorded the natives rights to collective associations which they had been denied under the apartheid rule.

A May 1994 report by Carl Liendholm et al indicated that cooperative organizations provided 20-45 percent of full time jobs in and about 30-50 percent of rural household incomes in some of the African countries he studied. This was supported by a UNIDRC report which indicated that cooperative organizations have been instrumental in transforming and improving rural productive systems and other public services which would otherwise be in the hands of private sector. Like Birchal, Umbrillo concurred that the cooperative sector ought to include the needs of both her rural and the urban citizens. Believing in his nation’s collective socialism, Mwalimu Nyerere introduced the Tanzanian citizens into the art of Ujamaa soon after independence based on the projected cohesive nature of cooperative socialism. Professor Chambo concluded that as long as the disparities between the rich and the poor widens, the cooperative movement will continue to be an essential instrument for fighting injustices created by poverty.

In conclusion, this chapter is a presentation of the literature reviewed for this research study. It includes reviews not only from the two nations studied, but also from the rest of Africa and the rest of the world. The dated literature related to the history of the cooperative movement is very compelling and together with the contemporary
literature reviewed, helps to augment the important role played by the cooperative organizations globally. If well supported with the right policies, these organizations can go a long way in improving the socioeconomic status of the two nations studied.
CHAPTER III

THEORETICAL FRAMEWORK OF REFERENCE

This chapter offers a detailed discussion of the theoretical framework on which this research is based. The research study as detailed in chapter one proposes the use of the cooperative model as an alternative strategy for rural development and goes on to conduct an analysis to find out if the two nations studied have implemented policies to nurture their cooperative organizations in an effort to improve the socioeconomic status of their poor citizens, especially those in their rural communities.

This alternative development model has been proposed because of three main reasons; despite more than four decades after independence and receiving foreign aid, minimal sustainable development has been attained not only within the two nations studied but, also in many nations in the Sub-Saharan Africa. The second reason is due to the failure of prior models which had been implemented in the region most of which were of foreign origins. Thirdly, the use of the cooperative development strategy is backed by many successful cooperative outcomes in many regions of the world which have known to have resulted in significant socioeconomic improvements. Many of these global successes of the cooperative organizations date as far back as the early nineteenth century. Outstanding examples include but, are not limited to the European based cooperative organizations such as Rochdale Pioneers and the Mondragon which had been mentioned earlier.
Defining Foreign Aid

For the purpose of this research, foreign aid is defined as any means that facilitates beneficial transfer of different resources from those who have to those who do not. It is also defined as an instrument that generates positive change. Foreign normally flows from the more developed nations of the West to less developed nations in the South. There are exceptions of course. This aid includes, but is not limited to grants, loans, food, technical assistance, educational, physical or materials goods, capital goods, and military aid. Some of the aid is disbursed as bilateral aid, passed directly from nation to nation, or as multilateral aid given to a nation through an intermediary such as international lenders such as the World Bank, international agencies such the USAID and other international and regional organizations.

Defining Development

Following that brief discussion on the research framework of reference, development is defined further by referring to Helene Castel’s book, in which she referred to development not in terms of geographical or governmental efforts, but in terms of people’s actual involvement. Castel thus defined development as; a process by which powerless people everywhere are freed from all forms of socioeconomic, cultural, political, and all sorts of dependency dilemmas so that they can achieve their maximum potentials.¹ Among other issues, Castel insists that the underdevelopment phenomenon is not an isolated problem, and hence, for the sake of human dignity and justice, there is need to immediately distinguish between what is regarded as true goal for human

development and the socioeconomic, cultural and political elements which are directly involved in development endeavors which can be harnessed to achieve greater humanity for mankind.²

Frame of Reference

The theoretical framework for the proposed cooperative development strategy is grounded on the neoclassical economic theory, which amongst other things, states that in a free market economy, people normally decide in favor of what works in their best interests, and that human beings can maximize their own welfare if given an opportunity, the freedom, and essential resources. The theory also professes that people tend to be more altruistic when acting in a group as opposed to the self-centered tendencies exhibited whenever acting unilaterally.³

It is important to make it clear that proposed cooperative model is supported by multiple development theorists including Michael Todoro who contends that development in the third world ought to be conceptualized in terms of elevating and sustaining the entire society and that the overall social system should be structured towards achieving enhanced humane life and dignity.⁴ Todoro went on to argue that the ability to provide for one’s basic needs is what constitutes a good life. Todoro then

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³. The neoclassical theory from the classical school consists of many approaches. It rests on three main assumptions such as people being able to make rational choices if given the freedom to do so and being able to maximize the utility of their production. Its main concern, however focuses on explaining the origins of wealth and wealth creation for which it emphasizes the importance and the benefits of free trade.

defined a good life as one where as many people as possible are able to acquire and sustain their basic needs which includes but not limited to: overcoming the helplessness and misery arising from a lack of food and shelter, the ability to protect themselves from environmental exposures, good health and many other essential needs.

Todoroo maintained further that without sustained and continuous socioeconomic progress at the individual and societal level, the realization of human beings potential would not be possible.\(^5\) Additionally, Todoroo adds that through the participatory development process, those who are marginalized gradually become aware of the range of choices and other realities open to them such as the awareness of their full potential and limitation but, above all, their capacity to make positive changes which directly benefit them.\(^6\)

The paradigm proposed above is also supported by authors D. R. Fraser Taylor, and Fiona Mackenzie, who clearly state that the goal of their book discussion was to draw on the empirical evidence that had been presented in prior multiple case studies. The authors stated that their discussion consisted of in-depth historical analysis of agricultural trends and changes which were taking place amongst smallholding areas of rural Kenya and added that their discussion was an attempt to point direction to a new alternative paradigm for African’s development.\(^7\)

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6. Ibid.

In chapter one of their book, Mackenzie cited other case studies which had been conducted in rural eastern Kenya which were found to be very important in bridging the gap between theory and actual developmental outcomes. Mackenzie thus stated that the validity of development approaches will not be determined as a result of theoretical and ideological debate only, but instead in the realm of actual practice. Mackenzie added it was noting that peasant African families are not likely to judge the validity of theoretical strategies and their ideological soundness but, will do so by their actual outcomes and the actual gains they derive from the proposed development models.  

Similarly, in chapter ten of the same book, Professor Taylor argued further that; pragmatically, development practices should be founded on a clear understanding of the fundamental structures of the development paradigm being proposed or implemented. Taylor added that true development therefore ought to include among other indicators; sustainable socioeconomic growth, a fair distribution of equity, control of the population growth and the achievement of qualitative none tangible values amongst others. The professor declared also that; development cannot be defined purely in quantitative terms, but instead in terms of aspirations and the values people place in their own social contexts.

Accordingly, professor D. R. F. Taylor regretted that despite decades of implementing several development models in the African continent, it is common knowledge that the overall socioeconomic conditions for most of Africa’s population is declining in both absolute and relative terms. Taylor thus contended that regardless of


9. Ibid.
how Africa's development has been defined, no development has taken place in the continent and added that a better analytical term for the continent's development can be described as degraded, to say the least. "10

In support of the above proposed alternative development strategy, Mary Racelis Hollnsteiner, who wrote a forward for the book by Guy Gran, maintained that the book should be given special attention because the text goes beyond an inclusive analysis of why masses of poor people in the less developed nations remain poor. Hollnsteiner added that the humane development model in essence encompasses a state where the affected population actively participates in all issues affecting their lives, matter. 11

Past that impressive forward, the Gran book detailed how the status of poor people can be reversed by implementing humane development approaches in affected regions globally. Guy Gran thus advocated for the use of a participatory development concept, due to his belief that the concept embodies a view of the world in which current injustices, inequality, multiple forms of exploitations and marginalization of the poor are eliminated are instead replaced by societies in which power gaps between political institutions, groups, and individuals are minimized and replaced by a fulfillment of basic human needs. 12

The position taken by Professor Taylor is indeed similar to that of Dr. Claude Ake, the Pan Africanist who in his 1997 book contended that in reality, development in

10. Ibid., 215.
12. Ibid.
Africa continent was never part of many of nations agenda in the first place. The in the discussion, African scholar was perturbed that even after more than thirty years of implementing several policies, endless debates and discussions on the alleged development in the Africa continent, there was nothing to show for it. Ake contended that instead, the continent has for many decades experienced falling incomes and standards of living, among other indicators. According to Dr Ake, the lack of sustainable development in the continent is because national development had never been part of the policy maker’s agenda before and after independence.

In his analysis, Ake found that both the colonial and post-colonial African leader’s main goal was to exploit the continent’s natural resources for their own personal gratification. Ake thus explicitly stated that the lack of socioeconomic development in the continent was definitely due to the corrupt leaders and the poor development policies which they chose to implement.  

Similarly, a foreign scholar professor Walter Rodney who lived in Tanzania and taught at the University of Dar Es Salaam contended that the African continent is still underdeveloped due to the deliberate exploitation of the former European colonizers. Despite criticism from several sectors including the academic community, Rodney reiterated that the colonial agenda founded on manipulative political powers and

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economic exploitation had indeed set the foundation for the current status of  
dervelopment and economic stagnation in the continent. 14

The Significance of the Cooperative Model as an Alternative  
Development Strategy

Support for the use of the proposed alternative development strategy is hereby  
mae with reference to the fourth edition of a 1942 book by James Peter Warbasse in  
which he described a cooperative as a voluntary association of people working together  
to achieve their own common goals, and whose actions can be integrated into many if not  
all socioeconomic systems through the process of cooperative democracy. Warbasse  
added that cooperative organizations are generally formed by people who have the same  
ideas or interests, and willingly come to together to accomplish similar interests, which  
would otherwise not be accomplished individually.

Warbasse also clarified that in many instances, cooperative organizations are  
formed by people who live in the same community or in close proximity with others with  
whom they share similar goals. As a result of these commonalities, it becomes easy for  
the people to organize themselves into viable cooperative organizations.

Warbasse clarified that the cooperative theory differs from other social theories  
because the cooperative philosophy on which the theory is founded actually grows out of  
it accomplishments. 15 Warbasse added that cooperative principles through which the  
organizations are managed, date back to the 1844 Rockdale Pioneers era in rural England,

Press 1974), 27.

15. Peter Warbasse, Cooperative Democracy: Through Voluntary Associations of the People as  
where the organizations were formed partly as a struggle for democratic expression and partly to achieve socioeconomic improvement in the lives of marginalized people. He also clarified that generally, cooperative organizational structures and principles can be standardized, adopted, and used successful continually in contemporary cooperative organizations all over the world. It is worth reiterating that universal cooperative principles form the basis of the cooperative democracy. These are discussed by Warbasse. They include but, are not limited to; one-man-one-vote, democratic participation and ensuring that the members get back their return on savings.16

Additionally, Professor Suleman Adam Chambo the principle of MUCCOBS, Moshi University College of Cooperative Development and Business Studies, clarified that the first three principles of the cooperative organizations are very important since they allow open membership, democratic control and autonomy for members to participate in their own economic activities. Chambo maintained that the fourth cooperative principle was also important since it accords independence to the members. The MUCCoBS scholar thus reminded African governments of the need to support their cooperative organizations, and allow them to function as independent business entities. Chambo also reminded the cooperative members too of the need to function within the perimeters of established cooperative rules and regulations.

Note that Warbasse cited many African nations including South Africa which had realized considerable progress within their cooperative organizations as early as the

16. Ibid., 15.
Warbasse concluded by declaring that the cooperative philosophy is based on individual liberty which should never be restricted by man-made laws, "because if left unperturbed, the adherence to the philosophies allows these societies to function under voluntary agreements instead of operating through ways which are politically dictated by the government." In his book, Fergus Lyon, reiterated that cooperative organizations follow laid out rules and regulations which allows the members to manage their own destinies and hence enable them to achieve outcomes that would otherwise not be achieved individually or single handedly.

Warbasse, therefore, asserted that for desirable results to be achieved, the cooperative movement must be built on a structure that holds true promises of efficacy in the future of its members. Citing the many benefits of global cooperative organizations, Warbasse however, expressed surprise that the cooperative movement was not clearly understood nor well known globally. He attributed this failure to the lack of understanding of the cooperative theories and philosophies within the academic field, particularly in the social science sector.

Similarly, Chambo asserted at his July 2009 national cooperative conference in Pretoria South Africa, that the cooperative principles and values are appropriate when

17. Warbasse, Cooperative Democracy: 5-6. It is worth noting that the nation was still under the grip of apartheid and hence indigenous African was not allowed to participate in the cooperative activities till after independence.

18. Ibid., 95.


20. Warbasse, Cooperative Democracy, xi.
used properly, and therefore should function to promote and support Africa’s cooperative movement an act that would allow the continent to invest in its own development and also give the continent’s policy makers the opportunity to formulate their own structurally reliable development policies, that are founded on fairness, justice, equality, morality, and ethical values.21

The Importance of the Proposed Alternative Development Models

As indicated earlier, the call for an alternative development strategy in Kenya and Tanzania is based not only on the many failed prior models development models, but also due to the fact that the foreign aid to the two nations has failed to translate into sustainable development. Below is a brief discussion of some of previously failed development paradigms.

Peter Ondiege, a lecturer at the Nairobi University’s department of urban and regional development, lamented in his report that past development strategies in the African continent which had generally tended to focus on industrialization and urbanization had evidently failed to translate into sustained economic growth and hence could be deemed as having failed. Ondiege argued that as a result of this well documented failure, Africa’s rural population is most affected with most lacking adequate provision of even the very basic daily needs. Ondiege reminded the readers that the major causes of failed development models in Sub-Saharan Africa was; the lack of adequate attention and recognition of the rural micro level initiatives which he felt ought

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to be placed under the full control of the rural people themselves, starting with the policy formulation all the way to the projects conclusion.

Professor Ondiege therefore recommends that the continent’s development strategies ought to focus on the rural areas and involve the promotion of the agricultural and none agricultural farm activities, a focus on factors that can improve the socioeconomic status of the rural poor and thus raise the capacities of rural incomes. However, Ondiege cautioned that all these endeavors can only be achieved by providing an enabling environment which allows those living in rural communities to identify their own problems then design, formulate and implement their own development programs through their own voluntary collective participation. Like Castel, Chambo, and other authors discussed above, Ondiege concurred that there is an urgent need to implement human-centered development programs which can subsequently lead to the alleviation of rural poverty and improve the rural welfare as a whole.

**Aid to the African Continent Benefits Mostly the African Leaders**

Like many other scholars, Claude Ake contended that foreign aid to the African continent benefits mostly the African leaders and their elite cohorts. Similarly, in one of his many article, Paul Logan attempted to explain this troubling phenomenon whereby the foreign aid disbursed from generally benefits only the elites and international economic interests and not the poor majority for whom it is intended. Logan concluded that as a result of the current system of aid disbursement, the African elites have “become externally oriented and distracted from domestic opportunities that might otherwise

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produce sustainable development." The country of Zaire is cited below to briefly illustrate this aid dilemma.

**Brief Synopsis of the Aid to Zaire**

This central African country was known as Zaire until 1997 when the name was changed to the DRC, Democratic Republic of Congo. Reports indicate that while Mobutu Sese Seko ruled Zaire, the nations received more than 300 million dollars of weaponry and over $125 million in military training.

Some reports estimate that by the time Mobutu was disposed, Zaire had received more than 1.5 billion dollars in weaponry and training from the United States between 1950 to 1989 due to the former president’s constant manipulations of the Cold War policy agenda and propaganda. Zaire is therefore considered one of the prime beneficiaries of the cold war military policies.

The International Military Fund (IMF) estimated Mobutu’s wealth to be about four billion in 1980, while domestic Zairian sources had put the dictator’s wealth at about $5 billion. Other World Bank records indicated that in 1990, about 64.7 percent of the country’s budget was reserved for Mobutu’s discretionary spending, while official Zairian records estimated such spending to at about 95 percent of the nation’s budget.

Later when his own son Kabila took power in the 1997 coup, the Clinton administration quickly developed new types of military funding to the nation under the

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IMET, International Military Education and Training program. By the end of the cold war, more than 125 million dollars in military training aid had been given to the DRC not to mention that the United States was actually supplying both sides of the warring parties in Congolese’s civil war. Critics of this policy however felt that the military aid in both weaponry and training not only helped to prolong the war in Congo, but also allowed the ruthless dictator and his son to hold on to power while brutalizing their own people. Mobutu’s case is therefore a perfect example of the gross misuses of aid by African leaders resulting in the former president of Zaire being credited with some of the worse forms of social, financial, economic and military misuse in Africa’s history.

As the misuse of aid in the African continent continues, some skeptics argue that the continued misuse and abuse of foreign aid by African leaders is due to the less stringent policies instituted by the donor nations, including the United States and other European sources. This assertion is supported by Paul Logan, who as indicated earlier had contended that due to the methods of policy disbursement, those entrusted with formulating and implementing policies that can translate into sustainable development in the Africa Continent are self-centered and hence focused only on rewarding themselves instead.

Regardless of the arguments and counter arguments, it is obvious that the military aid to the once beautiful nations currently the DRC did not result in sustainable socioeconomic development during the stated time period. Instead, the military aid was used to create havoc on the lives of innocent Zairians, many who ended up losing not just

25. Ibid.

their livelihoods, but also their lives. It is due to these and other reasons mentioned in the introduction in chapter one and in the literature review in chapter two that the cooperative development model had been proposed as an alternative strategy for rural development in both nations with the goal of putting development inputs and resources in the hands of ordinary people themselves instead of leaving it in the hands of the self-centered leaders and their elite cohorts.

**Summary**

This chapter focused on the theoretical framework on which this research is based. The chapter also touched on some of the failures resulting from previously implemented development paradigms not only in the two nations studied but, also in the rest the Sub-Sahara region.

Foreign aid was defined as assistance normally coming from the more developed western nations into the less developed nations in the south. Types of foreign aid are defined too. Development was defined based on Castel’s pluralist or collective concept. Support for the proposed development strategy came from multiple scholars including Helene Castell, who contended that there is need for creative humane and fair policies where ordinary citizens can attain the largest amount of freedom and liberation possible. Policies which remove social injustices so that people’s efforts can translate into improved socio-political and socio-economic terms and eventually helps the ordinary people to transition from dependency to become empowered and self-reliant. Like other scholars, Castel also called for development paradigms that permit self-determined
choices and acknowledges that change is inevitable such that the development goals of the broad masses of people cannot be postponed indefinitely.

In conclusion, it is important to reiterate that this chapter discussed in detail the theoretical framework on which this research proposal is based. Chapter four which follows discusses the methodology used in this explorative research followed by presentation of the gathered data in chapter five.
CHAPTER IV
METHODOLOGY

Design of the Study

This is an explorative qualitative research study which had proposed the use of the cooperative model as an alternative strategy for rural development in both Kenya and Tanzania and went on to analyze the policy support in the nations studied to find out if they had formulated and implemented policies that support and nurture their cooperative organizations, with the goal of improving the socioeconomic status of their poor citizens, especially those living in the rural areas. The reason for proposing this alternative development model is based on the lack of sustainable development in the two nations studied as well as many parts of the Sub-Saharan Africa. The seasons include:

1. Failure of prior models that had been designed and implemented in the region.

2. The two nations studied, as well as others in the African continent have received and still continue to receive large amounts of foreign aid yet have they have little to show in terms of socioeconomic development especially in the rural areas.

3. The endless misuse of foreign aid in recipient nations.

4. Last but not least, the many successes of cooperative organizations globally as highlighted in the introduction in chapter one.

Description of the Setting

The research was started at the Atlanta University Center where the initial data was collected from multiple sources which are briefly discussed below. Thereafter, a
visit was be made to the two nations of Kenya and Tanzania to gather additional data from the two respective cooperative ministries, their satellite branches and other institutions affiliated with the cooperative movement in both nations.

**Sampling Procedures**

Having been selected as representative study nations, the second part was data gathering in both Kenya and Tanzania in an effort to find the answer to the research questioned tabled earlier in chapter one. A special focus was on finding out the types of policies formulated and implemented in both nations to support and nurture their cooperative organizations, with the goal of improving the socioeconomic status of their poor citizens, especially those in the rural areas. The information gathered from the visits to Kenya and Tanzania will be discussed in detail in Chapter Five.

**Human Subject Consent**

Consent for human subject participation was forwarded in advance through main respective ministry headquarters and also directly to the research director Mwalukilwa Joshua Sizya at Moshi University College of Cooperative and Business Studies (MUCCoBS). In Kenya, additional consent request was presented in person at both Kisumu and Migori districts cooperative offices. In Tanzania additional one-on-one contact was made with the researchers at MUCCoBS after finding out that Mwalukilwa Joshua Sizya, the research director had passed on.
Data Collection Procedures and Instruments Description

The initial data gathering for this research began with browsing for referenced materials on similar research topics at the Atlanta University Center library. Computer based data gathering was also used including but not be limited to; the AUC library catalogs, GALILEO, JSTORE, EBSCORE and others. Above all, the United Nation’s the World Bank, the IMF and multiple country government documents and reports were also used because they are generally a very useful sources of global socioeconomic data.

Academic text books provided secondary sources of information. Bibliographies on the cooperative organizations and the cooperative movement as a whole were also used. Some of the referenced works used included but, were not limited to; dissertations, abstracts and indexes.

Political science sources used included but, were not limited to: Journal literature, conference papers, published and unpublished reports, conference presentations such as those from MUCCoBS. Papers and reports from international organizations such as the, International Cooperative Alliance (ICA), and the International Labor Organization (ILO), the Swedish International Development Agency (SIDA), the UN and many more were also used. Also used were books from scholars. These included critics of Africa’s failed development paradigms including but, not limited to Dr. Claude Ake, Walter Rodney and others.

Several writings of proponents of alternative development paradigms in the less development nations were used too. This included the well-known development theorist Michael Todorro whose strong support was used as a theoretical framework for this
research. This was discussed at length in Chapter Three. After realizing how valuable the research information at Moshi University College of Cooperative and Business Studies in Tanzania was, an attempt was made via E-mail to contact the director of the research center Mwelukilwa Joshua Sizya. However there was no response and hence an arrangement was made to travel to MUCCoBS to interview the director. In the meantime, more information was gathered from multiple sources, including SIDA, Swedish International Development Agency which had conducted multiple studies in Tanzania in the past.

Other sources of data included but were not limited to; statistical abstracts from international organizations including, but not limited to the annual Human Development Report, government policy papers, and statistical reports of the United State agencies, the CIA Fact Book, and many more.

Data Collection in Kenya

The initial plan was to visit at least ten cooperative organizations to represent all the nations’ cooperative organizations. That did not materialize however due to the bureaucracy that leads to the slow responses in government offices in both Kenya and Tanzania where all efforts to collect data was unfortunately much slower than anticipated. Note too that only eight weeks was spent abroad on this research which when combined with the slow bureaucratic process, led to the failure to fulfill the planned district visits. Instead, several visits were made to the Ministry of Cooperative Development and Marketing in Nairobi Kenya and also to the two district headquarters of
Kisumu and Migori. Data collection in Migori distinct was however a nonstarter since Migori is one of the newer districts whose cooperative department had kept minimal data. Alongside this, an effort was made to collect data from the Kenyan Cooperative College; however, this was not possible either and hence the major source of the information came from the Kenya’s Cooperative Ministry headquarters and also from the Kisumu district cooperative offices.\(^1\) At Kenya’s ministry headquarters, a questionnaire was completed by one of the deputy commissioners, J. K. Kenduiywa who in addition to completing the interview was able to share additional information on the history of the cooperative movement in Kenya despite his busy schedule. A verbal interview was also done at the newly created research department of the cooperative Ministry, where additional information was made available by one of the graduate student in charge of the then newly created ministry cooperative research unit.

**Data Collection in Tanzania**

In the Tanzanian case, a large amount of information for this research was collected from the nation’s Ministry of Cooperative and Marketing website. Note that it was the ministries website which had indicated that the research and consultancy center at MUCCoBS would offer the latest and the most appropriate information on the nation’s cooperative organizations and hence the plan to visit the Moshi based institute. Some of the information found at the ministry website included but, was not limited to; aspects of on the nation’s cooperative education and training, the role cooperative organizations in

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1. The Kisumu District Cooperative Office is one of the many district level branches of the Ministry of Cooperative Development and Marketing. Almost all districts in Kenya have a similar setting.
poverty reduction, the relevance and opportunities of the cooperative organizations, the challenges faced by the cooperative movement in Tanzania and Africa as a whole and many more.

**Additional Data Collected at the Tanzanian Cooperative College**

In July, a trip was made to MUCCoBS in Tanzania. Once at the Moshi center, it became clear why responses had not been received from Sizya the director of the university’s research division. Sizya, had passed on. With nobody to interview, a quick attempt was made to arrangements to interview an alternative person. With luck on my side managed to interview one of the Ph.D. candidates, Eligius B. M. Danda, a fellow Ph.D. candidate from Sokoine University of Agriculture which is directly affiliated with MUCCoBS. The interview went well since Danda was also conducting a research on the Cooperative reforms and Poverty Reduction in the Kilimanjaro and the Morogoro regions of Tanzania.

There after I made an attempt to arrange an interview with Professor Suleman Adam Chambo, the principle of the college who is also an ardent supporter of the cooperative movement. Unfortunately this was not possible since that very week; Dr. Chambo was away at a conference focusing on supporting the values of the cooperative movement in the Africa.²

Being unable to get to the Tanzanian Ministry of Cooperative Development headquarters in Dodoma due to many reasons, the Moshi cooperative college was the

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The only site in Tanzania visited twice. The second visit was however not very fruitful due to having arrived late because of a problem with transportation from Arusha to Moshi. Nonetheless, some of the most useful information pertaining to the cooperative movement comes from Tanzania’s ministry websites and additional websites featuring MUCCoBS from which several research papers in PDF form were available. These included the one on the “Relevance, Opportunities and Challenges of the Cooperative Movement in Africa,” which was being presented by Dr. Chambo abroad at the time of the visit to university in late July 2009.

**Data Analysis and Instrument Description**

The data analysis process began by separating data on country basis. Very minimal data coding took place due to the data limitation. Each country’s data were then separated into different levels such as the responses to the research the questions. The resulting data was not as large as had been anticipated and hence, there was no need to use any form of computer based data analysis program.

The discussion focused on the major roles of the cooperative organizations in both nations as was shaped by the research questions which included but, were not limited to; the role of the cooperative movement in creating jobs in both nations, cooperative related the poverty reductions programs, the financial status of the two nation’s cooperative organizations, the enhancement of women’s participation in the cooperative movement, reasons why the two nations cooperative organizations did not function as development models despite the efforts made soon after independence in both nations and many others.
Content analysis was done because it is important to prove or disapprove the hypothesis that both the nations of Kenyan and Tanzania have formulated and implemented policies to nurture and improve their cooperative organizations with a goal of improving the socioeconomic conditions of their poor citizens especially those living in rural communities.

Study Limitations

Problem with Record Keeping in Both Nations

This research faced several problems which are discussed very briefly below. The research found out that despite the important role played by the cooperative organizations in both nations, their cooperative organization’s data keeping could be termed problematic due to many reasons including but not limited to, inadequate book keeping which evidently resulted in minimal data availability not only for this research, but also with data which could be used for many other reasons such as managing the cooperative organizations, national development goals, for multiple level research studies, for cooperative policy formulation and many more.

Secondly, whenever data was available, no matter how minimal, it was not uniform and therefore seemed unreliable as evidenced by the drastic differences in the figures given to different researchers. One such case is the 2009 SIDA report on nine African countries in which the researcher Pollet, used data from several sources of data besides the respective cooperative ministries and their consultants. It was evident that despite the fact that all these entities had researched the same topics, they were given
different figures despite the similarities in questions which had been conducted at
different time periods.

Thirdly, some of the data provided seemed improbable. For example; the figures
give in response to the number of cooperative organizations in both nations in 2008. The
data provided indicated that while Kenya had 8,507,000 cooperative members while
Tanzania had only 1,600,000. Similarly, the figures given for the total employment
created by the primary cooperative organizations was 300,000 for Kenyan while
Tanzania’s cooperative organizations had created only 34,949 jobs. Once again, the
disparities in the data between the two nations seem improbable and hence the concern
for the data reliability.

Unavailability of Research Data

As mentioned earlier, getting data for this research was one of the problems faced
while conducting this research. This is a persistent problem which is generally faced by
almost all those who conduct research in the Sub-Saharan region. Through this research
it was evident that lack of data in the region could be attributed to but, not limited to one
or a combination of the following; the lack of funds, lack of trained research assistants to
run and maintain research centers and or departments, the lack of acceptance and
appreciation by the cooperative team on the ground for the use of their data in national
planning and or global research. Additionally, those who have data seem to be reluctant
to share it amongst themselves or with outsiders for fear of being judged or due to being
unsure what their data may be used for. The above sentiments are also supported by an
article in the 2008 *African Statistical Journal* entitled “Current State of Internal Science
and Statistics for Africa” by Ellis Simons who reiterated the need for nations in the Sub-Saharan region to keep and use data to support policies and hence justify the formulations and implementation of policies just like the rest of the world does.

**Problems Encountered During the Research**

Several problems were faced during the research process. One of the biggest however started during the initial data collection. It was almost impossible to distribute the questionnaires to the rural areas of both Tanzania and Kenya due to lack of reliable and timely transportations to reach the intended rural communities.

Secondly, time was a big setback. Coupled with the thick bureaucracy, it become almost impossible to distribute the questionnaires within the time allocated for this research. Meaning that, a lot more than the allocated time was needed to accomplish the process of questionnaire distribution and collection. As a highlight of the problem, during the two trips into Moshi, not only were the vehicles slow, but we had to change into different vehicle multiple times in different cities whenever, the owners felt that it was uneconomical to continue their trip with fewer passengers.

Once in Moshi, the data collection become even harder than anticipated after the realization that the director of university’s research department had expired and that a replacement had not been made. Fortunately, I was introduced to a fellow Ph.D. student, Eligius Danda, who provided me with as much information as he could and also made an effort to help me set up a interview the principle of MUCCoBS professor Suleman Adam Chambo instead. Unfortunately, professor Chambo was still away at an international conference in South Africa.
Not only did I not have a source of information due to the death of MUCCoBS research director, but the only alternative source of data was now a small research library which did not seem to have fixed hours of operation. After waiting for hours, I eventually got access to the room. Other than opening the door, the person in charge had no research knowledge or background. I then selected some of the cooperative related literature however; paying for them was a problem too.

After some consultations, I found the MUCCoBS accounts office where I waited for a while the personnel sorted out which account to credit with the sales. Eventually, it was done and I made my way back to the research library to pick up my booklets.

However for some unknown reason, I was given one booklet which I had not selected unfortunately, I had not realized the mistake that same Friday evening. I had very little time and hence could not afford to stay in Moshi over the weekend to wait for the research library to open again on Monday. I had to travel back to Nairobi right away then travel west to keep my appointment with the Kisumu District officer in Nyanza province where I had intended to distribute questionnaire and collect whatever data was available. Thus the only alternative was to come back to MUCCoBS a week or so later to exchange the wrong booklet and if lucky also interview Professor Adam Chambo in case he had come back from the African conference.

That was not to be. On the second trip, the luxury coach from Nairobi to Moshi went only as far as Arusha and after which it just stopped for what seemed forever. After this long unexplained delay which eventually resulted in confusing argument between the passages and the coach driver, the luxury couch management explained that they did not
have enough passengers to justify reaching their destitution in Moshi as originally planned.

After combination more of begging, verbal trauma and arguing, the passengers were transferred into a smaller local couch. Note that this was not a comfortable luxury couch we had paid for earlier nor was it in a hurry to leave their local territory to get to their new destination in Moshi. After all, they had been persuaded by the bus company to change their regular route and take mostly foreign passengers to Moshi. As a result, we got to downtown Moshi after five in the evening and I therefore did not even try to get to MUCCoBS which was located in the outskirts of the city. Note that this was a Friday and hence the opportunity to exchange the wrong research booklet at MUCCoBS research library and the last chance to hold an interview with Professor Chambo disappeared too due to the travel delay.

The second problem arising was lack of data from Tanzania. Other than the interview with the Ph.D. student, Eligus B. M. Danda, who was also conducting a cooperative related research study, I did not manage to secure any other interviews. Additional information therefore comes from the cooperative ministry websites, MUCCoBS, and several research studies conducted on behalf of the two nation’s cooperative ministry and the cooperative organizations as a whole as mentioned above.

In Kenya, additional information comes from an interview with one of the deputy commissioner of cooperative organizations Joseph Kenduiywa, his research paper on the history of Kenya’s cooperative movement, from the small ministry cooperative research center and also from the Kisumu district cooperative office since Migori district was an a
none starter. It is worth noting that despite the very detailed policy related literature, the ministry websites for both Kenya and Tanzania did not have the necessary statistical data that this research was hoping to acquire.

It is also worth acknowledging and concluding that the data collection problem can be attributed to both time constrains due to the short period spent abroad for the research study, the lack of data on the ground and the bureaucracy faced during the research study which lead to an increased dependence on secondary data sources such as the websites and several global sponsored cooperative research studies to make up for the data deficits. This is discussed in detail in chapter five.

Consequently, it is worth noting that one of the secondary sources of data for this research, Ignace Pollet who had completed the ILO sponsored 2009 study of nine African countries had clearly indicated that besides his own data, he had used data from respective ministries and their consultants and also data from multiple sources including but not limited to the World Council of Credit Unions, WOCCU which according to him had been collecting data for their own research from several global SACCOS since the 1970s.\(^3\) Pollet himself admits that there was lack of consistency with some of the data and added that some of the data he used was either derived from extrapolations or were estimates and hence, the validity and the reliability of the some of the Pollet data used in this research may be questionable.

Additionally, contrary to the expectation, this research did not find a lot of financial information about the two nations cooperative organizations neither from the few interviews conducted, the hard copy information given nor from the website. The most important source of the financial information was on both nation’s cooperative organizations was therefore the Pollet research on page thirty eight which showed the status of the 2007 membership and the financial status of the cooperative unions including the SACCOS. Note however that this page did not have any currency designation. This research hypnotized that it was in local currencies since some of the figures reached billions.

Summary

This chapter focused on the design of the study, the description of the setting, data collection procedures, consent for human subjects, data coding, data analysis. The chapter also presents a discussion on some of the problems encountered during the research study. The following chapter five will present the research findings.
CHAPTER V

PRESENTATION OF STUDY FINDINGS

This research proposed the use of the cooperative model as an alternative strategy for rural development then proceeded to conduct a policy analysis to find out if the two nations studied had implemented policies to support and nurture their respective cooperative organizations with the goal of improving the socioeconomic status of their citizens, especially those living in rural communities. The proposal was made due to the failures to attain sustainable development not only in the two nations studied, but also in the rest of the Sub-Saharan Africa despite the multiple development models which had been implemented and the large amounts of aid to the region.

This chapter therefore, presents the information gathered in two nations studied. The largest amount of information came from the respective cooperative ministries, their respective cooperative colleges and their affiliates. Additional information also comes from research studies conducted by multiple organizations on behalf of the two nation's cooperative movement. These includes, but are not limited to SIDA, the Swedish International Development Agency which in October 2005 completed an integrated economic analysis for the pro-poor growth in Kenya, the ILO, the International Labor Organization which on behalf of Coop Africa, (Cooperative Facility for Africa) which in 2009, had completed a study of nine African nations in an effort to find out the impact
of the assistance for the cooperative movement within the continent.\textsuperscript{1} Others sources of information included, but was not limited to the United Nations, the International Fund for Agricultural Development and others. Note that while it was not possible to secure an organizational chart of the Tanzania cooperative ministry, one for Kenya’s cooperative ministry has been presented as an aid to understanding it’s support systems.

The literature used included those from several scholars including but not limited to, Walter Rodney who had blamed the European exploitative policies and lack of interest in developing the African continent for the continent’s development perils. Claude Ake contended that lack of socioeconomic improvement and development in the African continent resulted from protracted pre-independence development policies and the self-centered nature of post-independent African leaders and their elite cohorts. Michael Todoro whose support and advocacy for the use of the collective cooperative development model in the less developed nations is discussed in chapter three and professor Ondiege of Nairobi University who concluded that poorly development policies are not necessarily cause the lack of socioeconomic development in the African continent. Instead, Ongiege blamed other external factors such as; inflation, declining export earnings, increasing deficits, balance of payments, the infamous World Bank’s Structural Adjustment Programs (SAPs) and many more which according to him, had

\textsuperscript{1} Ignace Pollet, \textit{Cooperative organizations in Africa: The Age of Reconstruction, Synthesis of a Survey in Nine African Countries} (Geneva: The International Labor Office, Department of Cooperative Programs, 2009), http://www.ilo.org/cmsps/groups/public (accessed June 30th, 2009). Note that Coop Africa is the short form of Cooperative Facility for Africa. It is one of the ILO’s regional technical cooperation program which had been instituted to assist the UN in achieving its MDG, Millennium Development Goals and also to promote self-help initiatives, assist in communal integrated projects and also encourage across-boarder socioeconomic interactions in Africa through collective actions.
exacerbated the poor socioeconomic development in many African nations including the two studied in this research.\textsuperscript{2} Other findings are discussed later in this chapter.

**Definition of Terms**

For the purpose of this research, sustainable development is defined in line with the UN's humane context which amongst other functions reaffirms the need to address both generational and intergenerational inequalities as a way to accord "mankind the opportunity to make the best use of their inherent capabilities while at the same time, ensuring the well-being of their future generations."\textsuperscript{3} Additionally, development is defined as one which is not only cognizant of the need to distribute the limited global resources equitably but, also as one which is aware of the important need to nurture existing socioeconomic opportunities for all the globally communities. Similarly, the UN contends that sustainable development should ensure that the needs of all poor citizens "can be achieved by restructuring global incomes in ways that uplift the livelihoods of the neediest global citizens."\textsuperscript{4}

Both nations are former British colonies which together with Uganda were referred to as the British East Africa during the height of the African colonial rule. The two nations are located on the east coast of African with Tanzania being located to the

\textsuperscript{2} Ondiege, *Development from Within: Local Coping Strategies in Machakos District in Kenya*, edited by Fiona et al. (London: Routledge Press, 1992), 126.

\textsuperscript{3} The 2009 Pollet report consisted of aggregated research findings from nine African countries. In this research, Pollet had used recent cooperative literature from the respective ministries, the local ministry consultants of the nations studied, other international organizations such as the WCCU World Council of Credit Unions which apparently had been collecting data on the African cooperative organizations since the 1970s @ www.un.org (accessed June 30\textsuperscript{th}, 2009).

south, southern south west of Kenya. Both are well endowed by the mighty Indian Ocean. As discussed in chapter one, the two researched nations were selected due to their unique history of the post-independence development goals which had both been molded on the cooperative based ideology. In Kenya collective cooperation it was used as a development framework by the first president Kenyatta while in Tanzania, President Nyerere officially mandated that it should be used as development model in February 1967. Kenya, the smaller of the two nations will be discussed first.

A Brief Picture of Kenya

Kenya, a former British colony is about 580,367 square kilometers and is slightly smaller than the states of Texas or slightly more than twice the size Nevada. Kenya has 536 kilometers of cast line which is well known for clear white sandy beaches. Kenya’s 8.01 percent of land mass consists of arable land, an estimated 0.97 percent is used for permanent crops such as tea coffee, while 91.02 percent for other uses including, but not limited to; range land grazing and for forestry. The unproductive semi deserts like areas are in the north and north east districts. Kenya attained and celebrated her independence from Britain on December 12, 1963. For administrative purposes, Kenya is divided into seven provinces namely; central, eastern, coast, Nairobi, the North eastern, Nyanza, Western and the Rift Valley provinces.

Population and Socioeconomic Status

The latest August 2009 census had put Kenya’s population at 39,002,772 million people with an estimated population growth of 2.691 percent and a birth rate of 36.61 per 1,000 persons. This can be extrapolated to the 8.6 million in 1962 just a year before
independence from Britain. The population had been projected at 15 million in 1979, 24 million in 1989, and 35 million at the beginning of the twenty-first century with the rural areas holding the majority of the population (see Table 1).

Table 1. Data from 1989 Kenya Census

<table>
<thead>
<tr>
<th>Major Ethnic Groups</th>
<th>% Population in 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kikuyu</td>
<td>22.78</td>
</tr>
<tr>
<td>Luhya</td>
<td>14.38</td>
</tr>
<tr>
<td>Luo</td>
<td>12.38</td>
</tr>
<tr>
<td>Kalenjin</td>
<td>11.46</td>
</tr>
<tr>
<td>Kamba</td>
<td>11.42</td>
</tr>
<tr>
<td>Kisii</td>
<td>6.15</td>
</tr>
<tr>
<td>Meru</td>
<td>5.07</td>
</tr>
<tr>
<td>Mijikenda</td>
<td>4.70</td>
</tr>
<tr>
<td>Masai</td>
<td>1.76</td>
</tr>
</tbody>
</table>


A Global Population Council report indicated that of Kenya’s 2009 population, 40 percent lived on less than $2 per day while and that 7.4 percent of the population had been affected by HIV/AIDS. It added that the population was 30 million in 1989 and was growth rate of 1.5 percent and 43 percent of the people being below fifteen years old. Note more than 3.3 million population differences between the Kenya’s 2009 census estimates of the population at the beginning of the twenty first century and that of the global population council. Below are some of the ethnic groups counted in Kenya in
1989 per the population council report. Note too that the CIA researchers estimated that in 2000, over 50 percent of Kenya’s population lived below poverty level.

**Kenya’s Agriculture**

Kenya is known for her agricultural productive capacity especially around the Kenya highlands, an area which was and is still considered to have some of the most fertile agricultural land in the African continent. Some of Kenya’s agricultural products include but, are not limited to; tea, coffee, wheat, sugarcane, dairy products, beef, pork and pork products such as the famous Uplands sausages, poultry and many more. Kenya is also well known for her horticultural industry which producers a large variety of fruits and vegetable which are exported mostly to the Middle East all year round and seasonally to many parts of Europe. Note that the April 2010 Icelandic volcanic eruption which stalled all European and many regional flights resulted in losses of billions of Kenya shillings to Kenyans due the damages to the highly perishable horticultural produce.

Besides agricultural production, Kenya has minerals such as salt, fluorspar, zinc, gypsum, limestone, soda ash and a few more. The nation has also invested in multiple hydroelectric power plants throughout the country. Kenya is also very well known for her tourism industry which had been a major foreign exchange earner since independence. The tourism industry has declined however, due to the insecurity created

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5. The Population Council is a non-profit organization which was started in 1952 under the inspiration of Dr. John D. Rockefeller III. It seeks to improve human well-being and reproductive health of current and future generations all over the globe and thus allow them to achieve equitable humane and sustainable balance between people and the earth’s finite resources. It’s other goals include but, are not limited to; allowing individuals everywhere to harness and develop their full potential which according to the global Council starts by building local human capacities.

by the political strife in the country which lasted many years and also as was exemplified by the December 2008 election results. Nonetheless, tourism still plays an important role in the nation’s economy despite the political upheavals in the country.

**Kenyan Industries**

It is estimated that Kenya had an industrial growth rate of 4.8 percent in 2008 and only 2 percent in 2009 and that most of it came from small scale consumer goods industries such as furniture making, plastics manufacturing plants, coffee industries, confectionary, textiles, value added canned agricultural produce such as Del Monte pineapples and many more. Larger industries include but, are not limited the oil refineries at the port of Mombasa, aluminum processing, steel and lead plants, and commercial regional ship repairs in Mombasa and cement production at both Bamburi in the Coast province and also at Athi River in the southern outskirts of Nairobi. Some of Kenya’s export products include but, are not limited to machinery, petroleum products, iron, steel, fish, cement, coffee beans and tea.\(^7\) Central Intelligence Agency (CIA) sources estimated that Kenya’s exports stood at $4.49 billion in 2009 and $5.03 billion in 2008 while imports were $10.69 billion in 2008 and $9.031 billion in 2009 respectively.

**Kenya’s Employment Status**

Kenya has been faced with unemployment since independence in 1963 with the rural areas where the majority of the people live, being much more negatively impacted by both the unemployment and under-unemployment. The unemployment has thus remained over 30 percent and close to 37 percent for decades. A CIA researcher put the

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unemployment at about 40 percent in both 2001 and 2008 and over 40 percent in both 2008 and 2009.\textsuperscript{8} The worsening unemployment further adds pressure to Kenya's already limited productive land capacities which cannot adequately continue to support the needs of the jobless, the underemployed and the majority of the poor especially those who live in rural communities or the many unemployed underemployed who return to their rural communities to irk a living due to harsh urban conditions. Of the total 17.47 million Kenyan in the labor force, agriculture employed 75-80 percent between 2007 and 2009 while the industrial and the service sectors combined employed 25 percent of the population. Agriculture thus contributed 21 percent of the gross domestic product (GDP), industries 16.4 percent and service sector 62.3 percent in 2009.\textsuperscript{9}

\textbf{Kenya's Declining Economic Growth}

Kenya had experienced a rapid economic growth in the first decade after independence due multiple reasons such as; policies which had encouraged public investments, lucrative agricultural production and exports, foreign investments which collectively resulted in a GDP of about 6.6 percent and an agricultural production growth of 4.7 percent annually between 1963-1973. However, the economic growth started declining significantly between 1974-1993, mostly due to changes in development policies, lack of investment credits, poor terms of trade, unfair global trade policies and many other factors. From 1993-1996, the GDP was estimated at only 4 percent. It

\textsuperscript{8} The ranking was obtained from the \textit{CIA Fact Book} where Kenya's rating was based on a total of 227 countries researched by the CIA. Note also that in 1997, the IMF suspended Kenya's loans due to the government's poor compliance with the Structural Adjustment Program (SAP) requirements resulting in devastating socioeconomic outcomes.

\textsuperscript{9} \textit{CIA Fact Book}, 2009.
declined further from 1997-2000. More decline came as evidenced by a mere economic
growth of only 1.2 percent in 2001, a mere 1.1 percent in in2 002 and in 2007, 1.7-1.8
percent in 2008 and between 1.7 - 2.00 percent in 2009. Other estimates had put the GDP
at 2.00 percent from 2008-2009. Additional CIA reports put Kenya’s public debt at
60.1 percent of the GDP in 2008 and an external debt of $7.855 by December 2008, a
54.1-54 percent of GDP in 2009 and an external debt of $7.729 billion in the same year.
The account balance was $-1.859 billion in 2009 resulting in Kenya being rated 148th in
the world economy. Family income was estimated at 42.5 in 2008, 44.9 percent in
2009 based on the Gini index.

Kenya: Research Questions

This is an explorative qualitative research study which had proposed the use of the
cooperative model as an alternative strategy for rural development in both Kenya and
Tanzania and also sought to find out if the two nations studied had implemented policies
to support their cooperative organizations. The research questions are presented below.

RQ1: What is unique about the cooperative history in Kenya?

The information obtained from the cooperative ministry and from an interview with
one of the deputy commissioners at the ministry J. K. Kenduiywya indicated that Kenya’s
cooperative history dates back to 1908 when the white settlers had dominated the Kenyan


11. Ibid.

12. The Gini Index is the measure of income distribution in an economy or simply a measure of
inequality in income and or wealth. It is thus expressed as the inequality between incomes of the citizens.
The higher the fraction, the greater the inequality in incomes and vice versa. It is named after an Italian
statistician Corrado Gini, 1884-1965. The Gini coefficient ranges range from 0-1 the lower the coefficient
the better with 0 = 0 being equality while 1 = absolute inequality.
cooperative movement for the purpose of marketing their own farm produce as well as for acquiring farm inputs at reasonable rates for their own needs while denying the indigenous Kenyans similar privileges.\textsuperscript{13}

Following independence, the first president of the republic Jomo Kenyatta emphasized collaborative cooperative based form of development called \textit{Harambee or Harambee Spirit}. It means coming together to perform tasks which would otherwise be difficult or impossible to achieve individually. The Harambee spirit as it was then referred to, thus become an ideology which encouraged Kenyan’s of all works of life to get together, combine not only their scares natural resources but, also their God given human energy to perform several designated tasks as a way to speed up Kenya’s post-independence nation building. These projects include but, were not limited to; reclamation the land which had been in the hands of the departing colonizers and their cohorts and putting it to good uses.\textsuperscript{14} Others protects which called for the collective Harambee action included but, were not limited to; rural road construction and repairs, building or repairing public schools and health care centers or places of worship, clearing, cultivating or plating large pieces of land for productive purposes and many more. Harambee thus became a philosophy which was accepted as a de-facto post-independence development model. It gradually became ingrained not only in the informal cooperative sector but, also at the village levels where ordinary Kenyan

\textsuperscript{13} Kenduiywa, \textit{A Hundred Years of the Cooperative Movement in Kenya}, 1.

\textsuperscript{14} \textit{Harambee} was a post-independence de-facto development philosophy. It means “pulling together,” of resources including human energy as way to speed up individual and national tasks not only for nation building but, also in maintaining communal interconnectedness.
neighbors or communities met on daily basis to help each other achieve and accomplish
tasks which would otherwise be impossible to tackle on their own.

RQ2: What types of policy strategies had been implemented in Kenya from 1960 to 2009?

During the interview, Kenduiywa the deputy commissioner clarified that the first
cooperative organization in Kenya had been registered as early as 1908. One of these was
the Lumbwa Farmers Association which still exists in the present day Kipkelion district.
However these early cooperative organizations could only be registered under the
Company’s Act because no cooperative legislations existed in Kenya at the time.\textsuperscript{15} It
was not until 1931 that a legislation governing the registration and the operation of
cooperative organizations was enacted. It created the Cooperative Societies Ordinance.

This new legislation however, still excluded indigenous farmers from
participating in any cooperative activities due to the misguided belief that allowing
indigenous Kenyans to venture into economic activities would result in a threatening
competition with European Settlers. Secondly, that it would create jobs for the
indigenous citizens and thus result into a shortage of the much needed cheap labor which
for many years had been provided by indigenous Kenyans and exploited by the settlers
and their cohorts. Thirdly, the colonizers feared that cooperative organizations owned by
indigenous Kenyans could turn into viable political forums which could then be used to
question or even oppose the colonial administration and domination.

Following the passing of the new legislation in 1931, multiple important
cooperative organizations which had previously been registered under the Companies

\textsuperscript{15} Kenduiywa, \textit{A Hundred Years of the Cooperative Movement in Kenya}, 5.
Act, got registered under the new Cooperative Society Ordinance. They included but, were not limited to:

1. The KFA, Kenya Farmers Association co-op Ltd was originally registered as the British Farmers Association in 1919.

2. The KPCU, Kenya Planters Cooperative Union which was registered on October 14, 1936. Its main objective was to promote coffee growing and marketing among European farmers.

3. The KCC, Kenya Cooperative Creameries limited which had originally been formed by the European farmers to promote their own dairy farming needs. KCC later became an important nationwide cooperative organization.

In 1945 following the recommendation by an expert appointed to look into the future needs of the indigenous Kenyan farmers, the original Cooperative Societies Ordinance of 1931 was amended to allow indigenous Kenyan farmers to form their own cooperative organizations mainly for the purpose of marketing their agricultural products. Ironically however, despite the amendment, indigenous Kenyans were confined to growing only food crops and not cash crops an act which continued to deny them the much needed finances.

The 1945 policy was later revised by the Swynnerton Plan in 1954. It allowed the indigenous Kenyans farmers for the first time to grow cash crops such as tea, coffee cotton, sugarcane pyrethrum and a few more but, only on condition that the indigenous farmers were active members of a coffee cooperative society. As a result, by early 1962, there were 574 cooperative organizations unions owned by indigenous Kenyans with a total of 223,105 members.

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16. Ibid., 3.
Thereafter, one of the first well defined cooperative legislations in Kenya was introduced in Session Paper Number 8 of 1970. It was formulated and implemented with the goal of consolidating all Kenyan cooperative activities into a one single department. Four years later in 1974, the department of cooperative organizations which was then under the Ministry of Agriculture was upgraded into a full pledged ministry. However in 1987, Session Paper Number 4 the RGTCM, Renewed Growth Through the Cooperative Movement, relegated the management of Kenya’s cooperative organizations to the cooperative members themselves with little assistance from the government which from then was to act only as an advisory and regulatory body.

The next Session Paper Number 6 of 1997 called CALEE, Cooperative Organizations as a Liberalized Economic Environment, was intended to liberate the cooperative organizations while designating the government to act in policy formulation and administration only. Note too that CALEE and the sister policy the CSA, Cooperative Societies Act Number 12 of 1997 negatively impacted the development and the expansion of Kenya’s cooperative organizations.

By 1999, additional policy changes further downgraded the new cooperative ministry to a mere department re-incorporated into the ministry of agriculture and rural development. Note that this was indeed a downgrade to the 1970 status when cooperatives activities were incorporated into the ministry of agriculture. This policy change thus resulted in notable downgrading of the policies and a decline in budgetary allocations. As a result, the new cooperative department and the cooperative movement as a whole become marginalized and ceased to be regarded as an important contributor of
Kenya’s socioeconomic development. Later on however, efforts by the cooperative members, the cooperative department staff and the shareholders identified the weaknesses of the 1997 Cooperative Society Act.

By 1999, there was acute awareness of the negative effects of the two 1997 sister legislations so that by 2003, a new full pledged ministry was re-established after the government re-examined the important role the cooperative movement can play in improving the nation’s growth and development. The new ministry was called the Ministry of Cooperative Development and Marketing (MCD&M). Note that it is the current cooperative ministry.

Soon after the creation of this new ministry, the Public Servants Ethics Act, PSEA of 2003 was introduced. Through it, the government established the Cooperative Tribunal mainly to mainstream the overall cooperative governance in the country. This 2003 act entailed:

1. Developing a data bank for the cooperative leaders and managers to declare their wealth and thus makes it possible for the ministry to continually monitor the wealth status of the cooperative officials.\(^{17}\)

2. Implementing sensitization programs on cooperative ethics and governance to ensure a smooth running of the entire cooperative movement.

3. Ensuring that Kenyan cooperative societies had access to, and used modern information technology and management systems like the rest of the world.

A 2004 August cooperative policy was introduced and later revised in June 2006. Note that this was the last Kenyan cooperative policy amendments found during this research study. Through it, the government aimed to create an environment

\(^{17}\) The wealth data bank was created in an effort to try and eradicate impropriety and corruption which had become rampant within the Kenyan cooperative organizations as well as in many other Kenyan government institutions.
 conducive for the growth of the cooperative organizations in areas such as improving cooperative governance, assisting the cooperative organizations to build and strengthen their operating capacities while at the same time, allowing the government to regain its prior role in assisting the cooperative members to create wealth and gainful employment.\textsuperscript{18}

It is important to note that this 2004 cooperative policy had been formulated in line with the Kenya’s development strategies as had been spelt out in the national development plan and also in accordance with the UN’s Millennium Development Goals MDGs which had been directed towards cutting down by half, the status of poverty in the least developed nations by the 2015. This plan had included: Poverty Reduction Strategy Paper (PRSP), the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC), and the Strategy for Revitalization of the Agricultural Sector (SRAS). The Presidential Circular No. 1/2005 of the Ministry of Cooperative Development and Marketing came in 2005. It mandated the following ten divisions:

\begin{itemize}
  \item Cooperative Policy and Implementation,
  \item Cooperative Legislation and Extension services,
  \item Cooperative Education and Financing
  \item Cooperative Policies on Savings
  \item Credit and Banking Services
  \item Cooperative Governance
  \item Cooperative Tribunal
\end{itemize}

\textsuperscript{18} Note that despite the government’s role being designated only to that of a facilitator for the cooperative movement, it still ensured that the cooperative organizations were run democratically as autonomous self-controlled and self-reliant business organizations.
- The Cooperative College Cooperative Marketing and Value Added Processing
- Promotion of Cooperative Ventures

June 2006 saw the revision of the 2004-2008 strategic plans as it was now called. It culminated in a series of consultations which were held over the years between the cooperative organizations and the government. Participants in this policy revision debate included, but were not limited to, the minister of cooperative organizations and marketing honorable Peter Njeru Nwiga, the permanent secretary of the ministry mister Patrick S. Khaemba, the ministerial reform committee team, members of the ministerial work improvement teams, the director of personnel management Titus Ndambuki. Included too, were the permanent secretary and the director of the civil service reform secretariat, the chief economist G. T. Mulama, the strategic planning desk officer Florence Muinde, members of the global innovations management consultation group, multiple other unnamed consultants and a few others.¹⁹

During the policy debate, the ministry’s Permanent Secretary promoted the cooperative movement and reiterated that it was important since it would facilitate equitably wealth distributions amongst Kenyans. The permanent secretary also reiterated that the three year old newly revamped was thus obligated to restructure running of the cooperative organizations and help them to operate in a redefined and productive capacity to enable them to meet all the challenges which they and many Kenyans faced in the changing global community.

Important Tenets of the Strategic Plan 2004-2008

These included but, were not limited to strengthening the marketing process, improving strategies in other areas such as marketing research and intelligence, information collection, processing and dissemination, the promotion of cooperative ventures, adding value to primary products, increased networking amongst cooperative members and their organizations and the provision of services to all members particularly in efforts to improve the nationwide cooperative operating capacities.20

Other policy legislated in the new ministry included but, were not limited to; the PRS, Poverty Reduction Strategy Paper, ERSWEC, the Economic Recovery Strategy for Wealth and Employment Creation and the SRAS, Strategy for Revitalization of the Agricultural Sector which had been incorporated into the 2004-2008 cooperative policy plan.21

RQ3: What is the role of the cooperative ministries in Kenya?

Kenya’s ministry of cooperative development and marketing has many functions; however, the most important one is to help the nation’s cooperative organizations organize themselves as authentic democratic and autonomous profit oriented enterprises which can be counted upon to contribute positively towards improving Kenya’s socioeconomic status.

This research found that based on that important expectation, the main goal of the contemporary Kenyan cooperative ministry is to strengthen and streamline the nation’s

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21. Ibid., vi.
cooperative organizations through protracted strategies such as; development of marketing research, market intelligence, better regulation of cooperative societies, savings mobilization, information collection and dissemination amongst other functions. The research also found that the cooperative ministry is in the process of streamlining cooperative education and training, policy formulation and implementation, improving market access and marketing efficiency and facilitating the building of the cooperative organizations capacities to create effective marketing for all cooperative products.

Other areas of focus include but, are not limited to; implementing and updating cooperative institutional reforms, actively assisting in the maintenance of HIV/AIDS prevention programs at ground level and also improving and maintaining gender and youth related programs throughout Kenya. Additionally, the ministry strives to; oversee the cooperative college of Kenya and two constituent organs the Cooperative Tribunal and the Ethics Commission for Cooperative societies. By July 2009, the ministry had been divided into the following departments:

1. Cooperative organizations Services: Is responsible for the overall development, the growth and the regulation of the nation's cooperative sector.

2. Extension Services: Operates under the Field Services Division. It offers advisory services to the Kenyan cooperative organizations in areas such as accounting entrepreneurship. It also identifies opportunities for the cooperative organizations to enable them to participate in the industrialization process, the acquisition of required capital and in adding value to the nation's primary goods. More importantly, the department facilitates dialogue amongst cooperative stakeholders, educates them on how to create a sustainable cooperative culture. Finally, the department ensures complaisance with the provisions of the CSA, the Cooperative Societies Act.

3. **Cooperative Education and Training**: The department aims to empower members to understand, apply and implement cooperative based development policies. Disseminates all the relevant cooperative educational information to all the nation’s cooperative organizations and their affiliates.

4. **Project Development**: It is further divided into the; Policy Formulation division which is responsible for policy formulation analysis and the Project Preparation Division which is responsible for promoting cooperative development projects, implements and coordinates their evaluation, amongst other responsibilities.\(^{23}\)

5. **Governance and Ethics**: In addition to preparing the cooperative budget, implementing and reinforcing cooperative policies, this department is also responsible for verifying and ensuring that the members have declared their wealth per the laid down 2003 regulations. It is also responsibility for taking quick action in response complaints from to clients and shareholder in corruption cases and other disregards for laid down laws and regulations. To attain all these, the department is guided by amongst other rules, the POEA, Public Officers Ethics Act which whenever necessary, and institutes punitive measure to all violators on behalf of the members and the cooperative organizations.\(^{24}\)

**Other Important Roles of the Kenyan Cooperative Ministry**

Obviously other important roles of the Kenyan cooperative ministry include; policy formulation and implementation. Other important policy priorities includes but, are not limited to; reviewing and upgrading existing policies, regulating and ensuring the legal framework for the cooperative organizations operations, an act which the cooperative policy makers believe can accelerate the growth of the nation’s cooperative movement.

\(^{23}\) Ibid., 5-10. Note that the identification and preparation of the cooperative policies were done in collaboration with the corporate field staff and cooperative committee members. The ministry’s other functions includes; carrying out feasibility studies, appraisal of projects and other cooperative programs such as continually monitoring and evaluation of the cooperative projects.

Kenya’s Policy Priorities under the Division of Policy Formulation

In an effort to improve Kenya’s cooperative Movement, in August 2004, then permanent Secretary Patrick, S. Khaemba identified both the present and past constraints within the ministry and the cooperative sector in general resulting in the creation of the 2004-2008 strategic plans. This revision was done to ensure prudent management of the available Kenyan cooperative recourses to achieve purposeful and gainful cooperative businesses.

Additionally, the new policy revision sort to mobilize additional recourses through a collaborative effort of the ministry, the private sector, members of the civil society, and other willing development oriented organizations, be they foreign or local. It also stressed the importance of embracing an effective cooperative monitoring and evaluation process as a necessary guide for implementing the 2004-2008 cooperative strategies.25

RQ4: How many cooperative organizations exist in Kenya and what are their memberships?

The Kenyan 2004 cooperative policy plan stressed that the government had recognized the nation’s cooperative movement as a vital instrument for mobilizing human energy and the available national resources with the goal of improving the nation’s development. The 2004 cooperative report indicated that in 2003, Kenya had over 10,297 registered cooperative organizations with over 5.9 million people who had mobilized over Kenya shillings 74 billion and had contributed over 30 percent of the nation saving. Of these cooperative organizations, 40.5 percent were agricultural

cooperative organizations, 40.8 percent were SACCOS while 18.7 percent formed the rest. The report added that over 63 percent of the population earned their livelihoods either directly or indirectly from the cooperative movement.26

Note, too, that a research by Ignace Pollet on nine African countries including Kenya and Tanzania which had been conducted on behalf of the Tanzania cooperative movement under the sponsorship of the ILO from their headquarters in Dar es Salaam and reported in 2009 was a major source of data for this section of the research.27 The Pollet research indicated that in 2005, Kenya had 10,640 registered cooperative organizations and 11,635 in 2008. Table 2 also shows 303 newly registered cooperative organizations in 2006 and 366 in 2007 all forming a 50-70 percent of the total active cooperative organizations in Kenya.

Table 2. Cooperative Summary Statistics - 2005 and 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Registered Coops in 2005</th>
<th>Number of Registered Coops in 2008</th>
<th>Newly Registered Coops 2006:</th>
<th>Cooperative Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>10,640</td>
<td>11,635</td>
<td>2006: 303</td>
<td>50-70 percent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2007: 366</td>
<td></td>
</tr>
</tbody>
</table>


27. Pollet, *Cooperative Organizations in Africa*, 37. The research study was sponsored by the ILO, the International Labor Organization from their African corporate headquarters in Dar es Salaam in Tanzania. The researcher indicated that besides the information received from the various ministries of the nine nations studied which included Kenya and Tanzania, some of the 2005 data were based on research previously done by HIVA, the Higher Institute for Labor Studies in Belgium as indicated on page 37 of the Pollet research.
Besides the respective relevant ministries, the consultant indicated that he used some data from the World Council of Credit Unions (WOCCU) which had been collecting data from global Savings and Credit Cooperative Societies (SACCOS) since the 1970s (see Table 3).

Table 3. Cooperative Membership Statistics - 2005 and 2008

<table>
<thead>
<tr>
<th>Country Status</th>
<th>Coop Members – 2005</th>
<th>Coop Members - 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>3,370,000*</td>
<td>8,507,000</td>
</tr>
</tbody>
</table>


RQ5: What is the most common type of cooperative organization?

Since independence, agricultural marketing cooperative organizations have been popular in Kenya especially in the rural areas however, the imperial research conducted by Ignace Pollet on behalf of Coop Africa under the sponsorship of ILO, indicated that the SACCOs Savings and Credit Cooperative Organizations are gaining popularity in Kenya as well as many other African nations. This is evidenced in Table 4.

Table 4. SACCOS Membership

<table>
<thead>
<tr>
<th>Number of SACCOS in 2008</th>
<th>Membership SACCOS</th>
<th>Cooperative Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>5,122</td>
<td>6,286,894</td>
</tr>
</tbody>
</table>

RQ6: What is the status of the cooperative education in Kenya?

Kenya has a designated national cooperative college which is situated with the suburbs of the capital city Nairobi. Known as the Cooperative College of Kenya (CCK), it is a government training institution which had been established by an act of parliament as a Semi-Autonomous Government Agency (SAGA) of the Ministry of the Cooperative Development and Marketing.

Among the many functions of KCC's are: serving as a center of academic excellence by providing cooperative education and training for all cooperative needs including training government personnel in addition to providing consultancy services in cooperative management and other related areas. It also promotes the development and strives to expand opportunities for continuing education in cooperative management and finance as approved by its academic board.

Others KCC functions include but are not limited to; undertaking cooperative related research, conducting examinations, award academic credentials and develops the curricula and the syllabus for the cooperative education and training. Additionally, KCC actively participates in the creation and the establishment of constituent training centers, departments or faculties in addition to collaborating whenever necessary, with other national and international cooperative institutions and organizations in an effort to improve cooperative education, research, consultancy, exchange programs and many more.
Table 5 is a presentation of KCC as adopted from the Ignace Pollet research study. The table shows that in 2007, the KCC had an enrolment of 750, 105 members of staff of whom 65 were lecturers.\footnote{28}

Table 5. Status of the 2007-2008 KCC

<table>
<thead>
<tr>
<th>2007 Country Status</th>
<th>Institution</th>
<th>Staff and Faculty</th>
<th>Enrollment in 2007-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>Cooperative College</td>
<td>105 (65 Lecturers)</td>
<td>750</td>
</tr>
</tbody>
</table>


RQ7: What is the financial status of the cooperative organizations in Kenya?

With regards to the Cooperative Societies Act (CSA) of 199, the Kenyan ministry website indicated that it had been mandated that every cooperative organization in the nation which is in a position to derive surplus from its transactions was expected to maintain reserve fund to be re-invested in the interest of the cooperative organization. Table 6 shows the 2007 financial data of Kenyan SACCOS as adopted from the Pollet research study. It shows that in 2007, Kenya had 3,990 credit unions with 4,000,000 members, a penetration degree of 19.11 percent, 2,109,896,053 in savings and Kenya shillings 2,128,083,977 which had been loaned out.

\footnote{28. Pollet, *Cooperative Organizations in Africa*.}
Table 6. Status of Kenya’s 2007 SACCOS Finances

<table>
<thead>
<tr>
<th>Country</th>
<th>Status</th>
<th>Credit Unions</th>
<th>Membership</th>
<th>Penetration Degree</th>
<th>Savings</th>
<th>Loans Made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>3,990</td>
<td>4,000,000</td>
<td>19.11 percent</td>
<td>2,109,896,053</td>
<td>2,280,083,977</td>
<td></td>
</tr>
</tbody>
</table>


RQ8: What is the status of poverty in Kenya and have the current policies focused on reducing the poverty?

Efforts to find answers to this question led to a SIDA, Swedish International Development Agency study which had been conducted in Kenya and reported in 2005. This study described hard core poverty as being people’s inability to meet basic human essential requirement even where all the available income is used on food only. The report reaffirmed that this type of poverty was common and wide spread in Kenya’s rural areas compared to the urban areas at a ratio of 35 to 8 percent respectively. Note however, that this analysis has been disputed by some observers due to the ever increasing rural-to-urban migration which has resulted in increased poverty status in the overburdened urban centers in Kenya.

The SIDA report indicated that Kenya has regional poverty differences and that Nyanza, North Eastern and Western provinces generally experience more poverty while central province experienced the least poverty. Below is an illustration of some of the deprivations faced by the poor Kenyans as adopted from the SIDA report which expressed the phenomenon it in percentages. It indicated that in 1992, 48.9 percent of
Kenyans in rural areas lived in poverty, 46 percent in 1994 and 52 percent in 1997. No doubt, this is a steady increase. Overall, 29.3 percent of the population lived in poverty in 1992, 29.0 percent in 1994, and 49.2 percent in 1997, (see Table 7).


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>48.9 percent</td>
<td>46.8 percent</td>
<td>52.9 percent</td>
</tr>
<tr>
<td>Urban</td>
<td>29.3 percent</td>
<td>29.0 percent</td>
<td>49.2 percent</td>
</tr>
<tr>
<td>Total</td>
<td>78.2 percent</td>
<td>75.8 percent</td>
<td>102.1 percent</td>
</tr>
</tbody>
</table>


Table 8 shows the average land ownership, the farm and the non-farm expenses by both the poor and the non-poor Kenyans in Kenya shillings as adopted from the SIDA, Swedish Development Agency report.29 This report indicated that that more than 70 percent of the rural and more than 90 percent of the urban non-wage earners were females and that the female lead households were more likely to be affected to a greater extent by poverty. The report added that the informal none farm sector in Kenya consisted of amongst others: the Jua Kali industry, hotel and restaurants which collectively were then believed to have created 56 percent of the employment while the manufacturing industry generated 21 percent.30


30. Ibid. Note that Jua Kali is the semi industrial sector in Kenya which is in the hands of individuals or groups who own and operate small scale businesses such automobile repairs, the making of metal accessories such as; energy saving stoves, furniture and many more.
Table 8. Average Land Ownership, Farm Expenses, and Non-Farm Expenses

<table>
<thead>
<tr>
<th>Land Areas</th>
<th>Average Land Owned in Acres by Kenyans</th>
<th>Farm Expenditure in Kenya Shillings</th>
<th>Non-Farm Expenditures in Ksh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor People</td>
<td>4.3</td>
<td>1,748</td>
<td>65</td>
</tr>
<tr>
<td>Non-Poor People</td>
<td>4.2</td>
<td>4718</td>
<td>284</td>
</tr>
<tr>
<td>Urban Rural</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor People</td>
<td>1.5</td>
<td>1,039</td>
<td>487</td>
</tr>
<tr>
<td>Non-Poor People</td>
<td>3.9</td>
<td>5,080</td>
<td>846</td>
</tr>
</tbody>
</table>


RQ9: What is the status of the cooperative job creation in Kenya?

Table 9 shows that in 2008, the cooperative ministry and its related institutions had employed 3,455 Kenya, the primary cooperative organizations 300,000; direct cooperative employment was 303,455 while indirect employment was 1,500,000 for a total of 1,803,455 jobs. Note that the direct employment data is the sum of the government and their institutional employment plus all the employment created by the primary cooperative organizations while the indirect employment results from relationships with the cooperative organizations such jobs held by cooperative members. Note the percentage of the economically active population in table 10.32

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32. In Table 10, the researcher, Ignace Pollet, used several data sources besides his own. This included: country population data at www.census.gov/ipc and labor force data at www.laborstat.ilo.org
Table 9. Jobs Created by the Kenyan Cooperative Organizations in 2008

<table>
<thead>
<tr>
<th>Country Status</th>
<th>Employment by Government Institutions</th>
<th>Employment by Primary Cooperative Organizations</th>
<th>Direct Employment</th>
<th>Indirect Employment</th>
<th>Estimated Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>3,455</td>
<td>300,000</td>
<td>303,455</td>
<td>1,500,000</td>
<td>1,803,455</td>
</tr>
</tbody>
</table>


Table 10 shows that in 2008, Kenya had 8,507,000 cooperative members out of the 37.9 million Kenyans and that 22.7 percent of the Kenyans were involved in the cooperative movement resulting in 16.9 percent of the labor force and that 45.6 percent of Kenya's 37.9 million in 2008 were actively involved in cooperative economy.

Table 10. 2008 Cooperative Membership, Population and Labor Force in Kenya

<table>
<thead>
<tr>
<th>Country</th>
<th>Coop Population Members in Millions</th>
<th>Percent of Coop Population in Coops</th>
<th>Percent of Labor Force in Millions</th>
<th>Percent of Over 15 Years Active in Coop Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>8,507,000</td>
<td>37.9</td>
<td>22.7</td>
<td>16.9</td>
</tr>
</tbody>
</table>


RQ10: Besides job creation, what are other benefits of the cooperative organizations in Kenya?

33. Pollet, *Cooperative organizations in Africa.*
Besides job creation, the Kenyan cooperatives plays multiple important roles including the marketing of agricultural products such as 70 percent of the coffee, 90 percent of cotton, 75 percent of the dairy, and over 90 percent of the pyrethrum, mobilizes savings from both the formal and the informal sector of the economy, dispenses loans which allows Kenyans to manage and or acquire both businesses and property. Additionally, many cooperative organizations process and add value to multiple agricultural products which gives those better prices and a longer shelf life. Such products include; coffee, cotton, dairy products, pineapples, forest products and many more.

RQ11: What types of poverty related policy support did Kenya receive from the global community?

Some external factors which negatively impacted Kenya’s economy in the 1980s included but, were not limited to the World Bank’s 1980s mandated SAPs Structural Adjustment Programs. There followed a stand-off between Kenya and the international financial institution, however after the nation complied with the SAPs mandates, foreign assistance resumed. In 2000, the International Monetary Fund (IMF) signed a $150 million Poverty Reduction and Growth Facility (PRGF) and soon after, another $157 million for Economic and Public Sector Reform Credit (EPSRC) was given in an effort to improve the welfare of the poor citizens. After Kenya implemented another SAP mandate termed the ACL, Anti-Corruption Law in 2003, the IMF approved another three year $250 million to add to the PRGF to fight poverty. During the same period in 2000,
other donors committed to additional $4.2 billion support through 2004 for the nation’s poverty reduction strategies.\textsuperscript{34}

The Swedish government through its development agency SIDA, has on many occasions introduced development based policies to aid Kenya in her efforts to prevent and reduce poverty in the nation. This is evidenced in the 2005 SIDA research study by both Susanna Lundstom and Per Ronnas who conducted a 2005-2008 study an “Intergraded Economic Analysis For pro-poor Growth in Kenya.”\textsuperscript{35} Among other issues, the SIDA report stressed that; it was important that Kenya to implements policies which makes it easy for Kenyan citizens to have access employment and employment opportunities as a way to reduce poverty especially amongst the nation’s poor. The report therefore recommends collective action through the cooperative movement as a possible strategy. The report however cautions that it is cognizant of several factors which greatly contributed to the severe socioeconomic inequality between Kenyan and therefore strongly recommended that Kenya implements additional pro-poor growth incentives as a way to increase the poor citizen’s socioeconomic status.\textsuperscript{36}


\textsuperscript{35} This is from the forward of the SIDA research report by Per Ronnas, the chief economist. Note that the 2005 SIDA report is an on-going methodological global study done by the agency on continuous basis. The research was possible due to the cooperation between the National Department of Cooperative Organizations and both SIDA’s Economic Cooperation Division and the Department of Policy and Methodology. SIDA’s goal was to increase focus on global poverty issues and also to analyze the economy of multiple less developed nations all over the globe.

A Brief Review of Tanzania

Formally called Tanganyika, the nation gained her independence from Britain in 1960. It merged with Zanzibar in April 1964 to form the United Republic of Tanzania in October of the same year. Including the islands of Zanzibar, Pemba and the little island of Mafia, Tanzania is made of 947,300 square kilometers. It has a combination of tropical climate at the coastal areas and semi temperate climates at the highlands around Mount Kilimanjaro, the tallest mountain in Africa. Note however that the temperate Kilimanjaro area climate is changing fast due to global warming.

Tanzanian Population and Socioeconomic Status

The republic had a population of 41,048,532 million people by July 2009 with an estimated population growth of 2.04 and a birth rate of 354.29 births per every 1000 persons. The 2008 data estimates indicated that close to half of the nation’s population was less than 15 years. Family income distribution was estimated by CIA researchers to be 36.4 percent in 2000 compared to 38.2 percent in 1993 based on the Gini Index. Note the 2.2 percent fall in come in those seven years.

In 2002, 36 percent of the population was considered to be living below poverty level. In 2009, a CIA researchers rated Tanzania as being in the bottom 10 percent of the

37. Zanzibar, formerly Unguja, includes the smaller island of Pemba that got its independence from Britain on December 19, 1963.


39. The Gini Index is the measure of income distribution in an economy or a measure of inequality in income and or wealth which is expressed as a function or an expression of inequality between incomes. The higher the fraction, the greater the inequality of incomes. The Gini coefficient can range from 0-1. The lower the better with 0 = inequality and 1 = absolute inequality. It is named after an Italian Statistician Corrado Gini who lived from 1884-1965.
of the world economies as evidenced by her per capita income rates. While this research was unable to find the latest data on Tanzania’s employment status, a 2009 CIA estimate indicated that only 21.23 percent of the population participated in the nation’s labor force. Additionally, this research found that of Tanzania’s 2009 43.7 million citizens, 5.7 percent were infected by HIV/AIDS while 97 percent of the population was alleged to survive on less than 2 dollars per day.\footnote{CIA Fact Book, 2009.}

**Status of Tanzania’s Agriculture**

Like Kenya, the Tanzania economy relies to a large extent on the agricultural sector. The agricultural sector is known to provide approximately 80 percent of the exports, 40 percent of the GDP and employs an estimated 70-80 percent of the population. Some of Tanzanian agricultural products include but are not limited to; coffee, sisal, tea, cotton, pyrethrum, chrysanthemum flowers, cashew nuts, tobacco, cloves, corn, wheat, cassava, tropical bananas, vegetables not to mention cattle, sheep and goats.\footnote{Ibid.}

**Tanzania’s Industrial Sector**

This research found that in 2009, the industrial sector provided jobs for 20 percent of the population, contributed 22.5 percent of the GDP and also very significantly to the nation’s industrial exports. The industrial exports included but was not limited to; gold, diamonds, iron, salts, soda ash, wood products, coffee, cashew nuts, cotton, fruits and others which earned an estimated $ 2.744 billion in 2009 and 2.413 billion in 2008.
Imports were rated at $5.545 billion in 2009 and $7.08 billion in 2008. Other industrial goods are, cement, refined oils, wood products, and many more. 42

**Economic Growth Status**

Tanzania had a growth rate of 4.5 percent, a purchasing power of $54.38 billion and was thus ranked number 201 globally out of the 227 nations studied in 2009. 43 Economic indicators for 2009 included gross fixed investment of 18.1 percent, public debt of 24.8 percent of the 2009 GDP, an account balance of -$1.995 billion in 2009 and -$3.536 billion in 2008 while imports were, $5.545 billion in 2009 and $7.08 billion in 2008, while external debt was $7.07 billion in 2009 and $6.195 billion in 2008. Estimates also show a GDP of 4.6 percent in 2009, 7.4 percent in 2008 and 7.1 percent in 2007. During the same time, agriculture contributed 26.6 percent of the GDP, the industrial sector 22.6 percent and the service industry 50.8 percent. Public debt stood at 32.2 percent in 2008 and 24 percent of GDP in 2009. 44

**Tanzanian Research Questions**

RQ1: What is unique about the cooperative history in Tanzania?

An interview conducted at Moshi University College of Cooperative Developments and Business studies’ research center, MUCCoBS with one of the Ph.D. candidates E. Danda indicated that the Tanzanian cooperative movement dates back to 1925 when one of the oldest cooperative organizations, the Kilimanjaro Native Planters

42. Ibid.
43. Ibid.
44. Ibid.
Association (KNPA) had been formed by small scale peasant farmers who had been marginalized economically and socially by colonizers and the settler Asian businessmen.  

Besides, Danda, McHenry also confirmed that an estimated 40 percent of the cotton sold by the Tanzanian peasant farmers to the settler Asian businessmen between 1930 and 1940 was never paid for. In the pre-independence era therefore, the cooperative organizations initiatives made it possible for the indigenous Tanzanian farmers to organize themselves and operate independently in cooperative organizations guided by the universal cooperative principles mandated by the ICA. The government’s role at this time was only to provide information, cooperative education, inspection and supervision to the cooperatives.

Then, not too long after independence, Tanzanians were systematically indoctrinated into a cooperative based development model by president Nyerere who believed that the model was grounded on traditional African socialist ideals. President Nyerere thus advocated and mandated that the citizens, especially those living in the underdeveloped rural areas organize themselves into working cooperative villages or marimbas as they were known in Swahili.

Nyrere’s goal was mobilize Tanzania’s poor peasant towards greater self-reliance, sustenance and growth based on his well-known egalitarian ideologies which

45. Damda Eligious, “Tanzanian Cooperative History: Interview with Eligous Danda, July, 2009, Moshi University College of Cooperative and Business Studies, Moshi.

had greatly influenced his post-independence development policies. These policies included but, were not limited to the nationalization of land, providing equal access to the land, self-reliance and collective cohesiveness. 47

Note, too, that Nyerere’s Ujamaa cooperative ideology castigated self-centered practices originating from capitalist ideologies which he believed only worked to alienate the majority of the population especially the poor people. 48 It was evident however that Nyerere faced a lot of criticism, not only from within the African continent but, also from abroad by many who felt that his post-independence socialist ideologies were doomed to fail. Despite the criticisms Nyerere dismissed all his critics and went on to reaffirm this new socialist ideologies seven years after independence at the February 1967 Arusha Declaration. 49

McHenry had added that unlike the hardcore socialists, Nyerere saw the socialist ideals as a means for improving the socioeconomic status of Tanzanian, especially those living in the rural areas. Thus, following the Arusha Declaration he expected a formal commitment from all Tanzanians. Subsequently, the nation’s politicians and leaders were trained right away on how to achieve the stated cooperative Ujamaa objectives without necessarily according them the opportunity to ask any questions an act which from then on shaped Tanzania’s cooperative movement. This act thus resulted in the

48. Ibid., 252.
cooperative organizations being integrated into Tanzania’s national development objectives.

Unfortunately however due to the government’s increasing involvement in Tanzania’s cooperative movement, capital formation within the cooperative organizations dropped significantly resulting in the nation’s cooperatives becoming completely dependent on the federal government especially for financial needs. Worse still, the previously instituted objectives which had focused on improving human resource capacities steadily wore out resulting in the government taking over the running of the cooperative organizations.⁵⁰

Thus from the 1970s, the cooperative movement in Tanzania functioned and stayed pretty much under the government controls, resulting in steady decline in the adherence to the standards of the ICA, the international cooperative alliance. Thereafter, the cooperative movement instead became an added burden to the central government and the nation’s economy as a whole due to the many cooperative problems and limitations which the government had inadvertently inherited.

In later in the 1970s however, it become increasingly clear that despite the many obstacles facing the nation’s cooperative organizations, the movement had a special and an important role to play in improving the socioeconomic conditions of a large segment of the population, including women, the youth, the elderly, the disabled and many ordinary citizens who lived in rural communities.⁵¹

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⁵⁰. Ibid., 2-3.

⁵¹. Ibid., 2.
This new perception of the nation’s cooperative organizations acting as instruments for positive socioeconomic status for millions of Tanzanians resulted in the cooperative department being upgraded to a full pledged government ministry which was later upgraded to the current day Ministry of Cooperative Development and Marketing with its headquarters in Dodoma Tanzania.

RQ2: What types of policy strategies have been implemented Tanzania between 1960 and 2009?

The late researcher Sizya had indicated in one of his reports that following the Arusha Declaration in 1967, Tanzania’s cooperative movement became one of the main instruments for improving the nation’s socioeconomic status and also for building self-reliance. However, in the 1970s and the early 1980s, the Tanzanian government become convinced that the absence of clear and concise cooperative policies in the nation had resulted in the formulation and the implementation of contradictory management techniques within the cooperative movement such as forced membership recruitment especially at the village level and allowing the cooperative organizations to depend on the government for all their survival needs, just to mention a few.

As a result, the government decided to formulate and implement policies which would clearly define the objectives, goals and strategies of Tanzania’s cooperative organizations. The government thus focused on policies which conformed with the principles of the global ICA, International Cooperative Alliance’s and with acceptable
standards and practices.\textsuperscript{52} Despite the good intention the 1980s saw the reinforcement of the foreign comprehensive economic SAPs, Structural Adjustment Programs which had been instituted by the international financial institutions under the leadership of the World Bank. The SAP mandated that Tanzania’s like Kenya’s agricultural cooperative organizations be liberalized, an act which ended the government’s heavy handedness and involvement in the running of the cooperative organizations.

Sizya conceded that the liberalization of Tanzania’s cooperative organizations in allowed private traders and other business owners to participate in the marketing of agricultural produce alongside the Tanzania’s AMCOS, Agricultural Marketing Cooperative organizations. This action essentially opened up the cooperative organizations in Tanzania, giving the small holder farmers too, the opportunities to sell their produce for better prices. Additionally, the government passed the CSA, the Cooperative Societies Act Number 5 in 1991 which was endorsed and signed by the then president Ali Hassan Mwinyi. This new act thus repealed prior cooperative laws including those which had resulted in the governments over involvement in the affairs of the cooperative organizations.

**Post Ujamaa Policies Were Meant to Ensure the Efficacy of the Tanzanian Cooperative Organizations through Regular Audits**

Mwelukilwa reiterated that the formation of the CSA in 1991 ensured the efficacy of the cooperative movement in Tanzania through regular audits and supervision. These measures also ensured that different cooperative organizations were allowed to appoint

auditors of their own liking after obtaining consent from the national registrar of the cooperatives. Among the auditor choices was CASCO, the Cooperative Audit and Supervision Corporation Organization which has 85 audit staff and operated more than 14 regional offices in the country. CASCO had proven to be a contender due to the many years of experience it had had accumulated in cooperate audits.\textsuperscript{53}

The 1991 Act also set in motion a greater degree of cooperative reorganization aimed at increasing the interest of the cooperative members in several ways such as engaging and allowing them to communicate with other institutions which are critical in the restructuring of the cooperative organizations. The CSA thus empowered the cooperative organizations be more business oriented instead of just focusing on providing regular services such as marketing of the members produce. The 1991 act also lead to increased awareness and training in HIV/AIDS and also other programs geared towards promoting gender equality in Tanzania aimed at improving the nation’s welfare.\textsuperscript{54}

The International Labor Organization’s PCR, Promotion of Cooperative Recommendation policy of 1995 called upon the Tanzanian government to improve the nation’s access to the cooperative services in areas such as human resource development, research management, consultancy and audits, legal affairs, taxation, finances and loans provision for cooperative based investments. Then the CSIAPA Cooperative Statement

\textsuperscript{53} Sizya, “The Role Cooperatives Play in Poverty Reduction in Tanzania.”

of Identity and Principle Act (CSIAPA) was also implemented in 1995 with assistance and guidance from the ICA, International Cooperative Alliance.\textsuperscript{55}

In 2001, the CPCBCD, Cooperative Policy on Capacity Building and Cooperative Democracy was implemented. It required absolute government commitment to building the cooperative organizations democracy and capacities. Soon after, the government created the SPCRSDCT, Special Presidential Committee on Reviving, and Strengthening and Developing Cooperative organizations in Tanzania. It was signed by President Mkapa himself. This 2001 presidential action was important since it ultimately created the current Ministry of Cooperative Development and Marketing.\textsuperscript{56}

A year later in 2002, the government introduced the CPD, Cooperative Development Policy which was also geared towards assisting the cooperative organizations to regain their role as major players in improving socioeconomic status of Tanzania citizens. This 2002 policy mandated that the cooperative organizations run their organizations democratically as profitable business enterprises. Then came the Cooperative Societies Act No. 20 of 2003 which was legislated by an act of parliament. Among other functions, it consisted of fourteen parts including one which mandated the appointment of the registrar of cooperative organizations. It also made a provision for the formation of a cooperative constitution amongst other functions. The 2003 act was later revised in October 2003.\textsuperscript{57}

\begin{footnotes}
\begin{enumerate}
\item Ibid., 7-13.
\item Ibid., 8. Note that meetings with the Tanzanian Business Council was considered one way to bring all or most of the players together
\end{enumerate}
\end{footnotes}
The Cooperative Societies Act of 2004 became effective in August providing the rules and regulations on how to implement the 3003 act. It also reinforced the running of the nation’s cooperative organizations in accordance with the international cooperative principles and also encouraged the government to continue developing nurturing all Tanzania’s cooperative organizations.

The 2004 act mandated the formation of the COASCO, Cooperative Audit and Supervision Corporation. COASCO thus had the mandate to take immediate action in cases where employers deliberately failed to remit deductions taken from their employee salaries. The WRS, Warehouse Receipt System was also mandated in 2004 with the goal of conducting a study in eight pilot programs in Tanzania as part of the AMSDP, Agricultural Marketing Systems Developed Program. The MEMCCOPS, Member Empowerment Programs was formed by multiple primary cooperative organizations due to their dissatisfaction with the services they received from the nation’s commercial banks.

The final cooperative policy reform came in 2005. It was called the CRMP Cooperative Reform and Modernization Program of 2005-2015. The CRMP created the NCAC, National Cooperative Advisory Council, which acted as autonomous institution which was relegated with the following responsibilities; advisory, revival and the strengthening Tanzania’s cooperative movement. Another goal of the NCAC was to

59. Ibid., 6.
bring together cooperative players such as cooperative lawyers, strategists, NGOs, cooperative support staff, and many others as a way to promote cooperative interests.60

The CRMP thus reiterated that grassroots membership in the cooperative organizations was important since it empowered Tanzanians to experience a true emergence of democratic and economically viable organizations. The 2005-2015 reform program also recognized that SACCOS in which about 1 percent of the nation’s population belonged, were neither meeting their full obligation nor, their potentials and hence emphasized the need to facilitate an environment which encourages cooperative members to participate actively as both problem solvers and change agents for their organizations. Based on the above information, it can be summarized that Tanzania’s CRMP, the Cooperative Reform Modernization Program was meant to transform the nation’s cooperative organizations to make them competitive, viable and sustainable as a means for fulfilling the members’ socioeconomic needs. 61

RQ3: What is the role of the cooperative ministry in Tanzania?

After the Tanzanian government recognized the diverse nature and the unlimited possibilities within the nation’s cooperative sector, the ministry took on multiple responsibilities. One of this was overseeing effective implementation of the mandated cooperative development policies. The cooperative societies department was headed by the registrar of cooperative who actually advises the minister of cooperatives, in addition supervising all the government support systems for the cooperative organizations. The

60. Ibid.
61. Ibid.
central government with its skeletal crew had the responsibility of conducting inspections and audits, while the local governments and the district councils had a closer and direct responsibility over all the cooperative organizations within their jurisdictions. Based on the 2009 information, obtained, the Tanzanian cooperative development department had 426 staff members of which 389 are stationed at the district levels throughout the nation.

Convinced further that the nation’s cooperative organizations would play an important role in the efforts to alleviate societal socioeconomic injustices, the Tanzanian government through the cooperative ministry undertook the following functions:

- Guaranty autonomy to the cooperative organizations
- Protect the cooperative organizations through appropriate legislations
- Play the role of a facilitators and a catalyst with emphasis on providing information, cooperative education and training, inspection and supervision
- Encourage women’s participation in cooperative movement by removing inhibiting traditional laws, customary values and any other ingrained constraints
- Introduce cooperative education in schools and colleges to prepare the youth for self-help and self-employment
- Encourage and conduct research in areas such as the improving the quality of commodities, production techniques, investments and cooperative expansions
- Continue to foster healthy relationships with various donor agencies and governments with emphasis in human resource development and institutional capacity building.
- Assist wherever appropriate in human resource development and cooperative organization capacity building.
- Encourage cooperative organizations to move from the present type of businesses approaches to those which are dominated by product enhancement, processing, maximization of by-products to meet export objectives and better prices.
• Support cooperative organizations in their efforts to preserve their environments.

• Retain the capacity to monitor the operations of the cooperative organizations including their registration, liquidation wherever necessary, if they failed to live up to the laid down cooperative principles and expectations.62

RQ4: How many cooperative organizations exist in Tanzania and what are their memberships?

Mwelukilwa Joshua Sizya stated that in 1999, Tanzania had 5,205 cooperative organizations societies with a membership of over 600,000, adding that each household had approximately six people involved in the cooperative in one way or another, (see Table 11). According to Sizya, the industrial cooperative organizations employed about 7,672 people in 1999. A report from Tanzania’s registrar of cooperative organizations indicated that there were more than 400 worker cooperative organizations in 2001 of which, 231 could be classified as being industrial based, 59 services based, 81 for mining and 18 fisheries cooperative organizations.

Table 11. Status of Registered Cooperative Organizations in December 1999

<table>
<thead>
<tr>
<th>Types of Cooperative Organizations</th>
<th>Active</th>
<th>Dormant</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federation of Coops</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Specialized Apex Coops</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Cooperative Unions</td>
<td>32</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>AMCOS</td>
<td>2,240</td>
<td>400</td>
<td>2,640</td>
</tr>
<tr>
<td>SACCOS</td>
<td>606</td>
<td>315</td>
<td>921</td>
</tr>
<tr>
<td>Livestock Coop</td>
<td>73</td>
<td>35</td>
<td>108</td>
</tr>
</tbody>
</table>

Table 11 (continued)

<table>
<thead>
<tr>
<th>Types of Cooperative Organizations</th>
<th>Active</th>
<th>Dormant</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>180</td>
<td>115</td>
<td>295</td>
</tr>
<tr>
<td>Consumer</td>
<td>88</td>
<td>610</td>
<td>698</td>
</tr>
<tr>
<td>Fisheries</td>
<td>46</td>
<td>24</td>
<td>70</td>
</tr>
<tr>
<td>Transport</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Service</td>
<td>146</td>
<td>138</td>
<td>284</td>
</tr>
<tr>
<td>Mining</td>
<td>5</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Housing</td>
<td>15</td>
<td>30</td>
<td>45</td>
</tr>
<tr>
<td>Banks</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Agricultural Processing</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Others</td>
<td>26</td>
<td>43</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: Sizya, *The Role of Cooperative Organizations in Poverty Reduction in Tanzania.*

Table 12 below shows data from the Pollet research study of nine African nations including Kenya and Tanzania. It shows that Tanzania had 5,730 registered cooperative organizations in 2005, newly registered cooperative organizations in 2006, a total of 8,597 cooperative organizations in 2008 forming 80 percent of active cooperative organizations in the nations. The researcher had indicated that the 2005 figures had come from his research firm Develtere, P., Pollet I. and Wanyama F., while the 2008 figures had come from cooperative commissioners in the respective cooperative ministries of the countries studied.

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63. Ibid., 9.

64. Pollet, *Cooperative organizations in Africa.*
Table 12. Registered Cooperative Statistics for 2005 and 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Registered Coops in 2005</th>
<th>Number of Registered Coops in 2008</th>
<th>Newly Registered Coops</th>
<th>Number of Active Cooperative organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>5.730</td>
<td>8,597</td>
<td>2006: 127</td>
<td>80.0 percent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2007: 1,442</td>
<td></td>
</tr>
</tbody>
</table>


RQ5: What is the most common type of cooperative organization in Tanzania?

A survey of Tanzania’s rural savings history revealed that SACCOS, Rural Savings and Credit Cooperative Organizations have the most participants and are also the most important source of financing to the rural communities. On the other hand, AMOS, Agricultural Marketing Cooperative Societies are predominant and still play a prominent role in poverty reduction all over Tanzania. This information is presented in Table 13.

Table 13. SACCOS: The Most Common Type of Cooperative Organizations in Tanzania in 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of SACCOS</th>
<th>Population of SACCOS</th>
<th>SACCOS as a % of the Coops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>4,780</td>
<td>764,502</td>
<td>55.6</td>
</tr>
</tbody>
</table>

Table 13 shows that Tanzania had 4,780 SACCOS in 2008 with 764,602 members. Pollet concluded that the SACCOS constituted 55.6 percent of the total cooperative organizations in Tanzania and that in most of Africa, the importance of SACCO was rising due to their ability to provide and improve financial services in the rural areas which would otherwise be marginalized by the traditional commercial banks.

RQ6: What is the status of the cooperative education in Tanzania?

The research found that cooperative college in Moshi, MUCCoBS is the main engine of cooperative education in Tanzania. The college had been founded as a training division of the department of the cooperatives and gradually grew into an autonomous institution of higher learning in Tanzania where experienced faculty has undertaken several research projects on behalf of the government. In 2001, the college (now a university college), had sixteen regional branches in Tanzania mainland and others in the smaller islands. Tanzania’s MUCCoBS is thus considered the main national center for cooperative training not only for the cooperative managers but, also for the cooperative support staff and the nation’s cooperative members.65

With a staff of about 344 in 2009 holding a variety of professional qualifications, the college has undertaken research on several topics such as industrial cooperative businesses, agro-industrial cooperative development for several national cooperative organizations in addition to providing consultancy services nationally and regionally. This national cooperative college has thus contributed to many nationwide changes and continues to formulate and implement new cooperative development policies especially for Tanzania’s rural areas (see Table 14).

management and continued government involvement thus lead to their inability to function independently. Then came the SAPs mandates in the early 1980s.92

**IMF Concern over Both Government’s Over-Involvement in Cooperative Affairs**

The government’s stronghold in the cooperative activities in both nations as indicated only lead to the deteriorations of these organizations. The more the federal governments increased their controls over the cooperative organizations the worse the cooperative status became with many cooperatives organizations in Kenya succumbing to; open corruption, nepotism, misuse and theft of cooperative property, lack of accountability, commitment transparency and the lack of incentives to compete. A combination of these other vices thus lead to poor profitability and the stagnation of the cooperative movement in general.

The international lending institutions were also increasingly getting concerned over the increased government meddling in the cooperative businesses and thus decided to intervene by implementing the Structural Adjustment Programs (SAPs) as a prerequisite for lending money to several less developed nations including the two studied.

**The IMF Implements SAPs in Both Nations**

This research found that the SAPs had been used by the major financial institutions as far back as the 1950s. In the early 1980s, the global financial institutions under the leadership of IMF instituted the SAPs in response to the 1970s oil crisis and the debt crisis which had resulted in poor performance in the public sectors including within

92. Ibid., 2.
the cooperative organizations. These mandates included but, were not limited to; the privatization of state owned industries and other parastatals including cooperative organizations. The goal was to decrease state expenses and instead increase their efficiency. The SAPS were therefore meant to liberalize the cooperative organizations, allow them to privatize and thus function independently as profit seeking business enterprises which would complete in the free world economy. Unfortunately, the SAPS negatively impacted these organizations instead.

**IMF’s SAPs Intervention Results in Further Decline of the Cooperative Movement in Both Nations**

The immediate result of the SAPs on the East African cooperatives and many others in Africa was a decline in financing from both governments and diminished capital investments from all other sources. Thus despite being liberated, the cooperative organizations found it increasingly harder to survive on their own due to their prior over-dependence on their governments nor were they prepared to compete in the free market economy as the IMF had hoped. Instead, both nations’ cooperatives continued to deteriorate further despite receiving some foreign assistance. Instead, they gradually became unable to grant loans to their members due to diminishing finances. This resulted in increased interest rates an act which adversely affected their members resulting further in a decline in membership and membership support for their organizations. In Kenya, even the national apex cooperatives such as the KNFC, the Kenya National Federation of Cooperatives deteriorated too resulting in not only a decline status but, also in further decline in the smaller regional secondary and primary organizations which had depend on them for guidance and support.
Post SAPs Liberation Policies Were Meant to Rescue the Cooperative Organizations in Both Nations

Both nations studied realized the negative effects of both their prior over-involvement in the cooperative activities but, worse of all, the devastating effects of the IMF’s structural programs. In the early to mid-1990s therefore, both government stepped out to rescue their cooperative organizations by instituting a series of policies which would essentially designate these organizations as important instruments of socioeconomic development especially in the rural areas. In Kenya, this realization resulted in the implementation of the 1996, Cooperative Policy No 12740 which stressed the need for the nation to regain control the nation’s cooperatives organizations. Thereafter, many other policies were implemented by the Kenyan as discussed above gradually leading to the current cooperative ministry.

The post-liberation policies in both nations were thus geared towards the following nurturing objectives: Creating balanced independence within the cooperatives, encouraging accountability, transparency, education for the cooperative leaders and members as a whole on contemporary business trends, solicitation of acceptable degree of commitment from the cooperative managers and leaders, the initiation and commitment to the use of modern technology. Both governments goal was to transform their cooperative organizations into profit focused businesses enterprises which would function as development models that they are meant to be.
CHAPTER VI
IMPLICATIONS OF THE RESEARCH FINDINGS

Chapter six discusses the implications of this research which had proposed the use of the cooperative model as an alternative strategy for rural development due to the failed outcomes resulting from the use of prior development models and foreign aid in Sub-Saharan African including the two nations studied. Additionally, an analysis was done to find out if these two nations had formulated and implemented policies to support their cooperative organizations with the goal of improving the socioeconomic status of their poor citizens, especially those living in the rural areas.

The Role of Cooperative Organizations in Jobs Creation

This research found that Kenya had a population of 39,002,772 million in August 2009, a birth rate of 36.61 and a population growth of 2.691 percent per 1,000 persons. Of the 39,002,772 million, only 17.47 million had gainful employment and gainfully contributed towards Kenya’s taxable income and labor force. While the research did not find exact data on Tanzania’s immediate post-independence employment status, it found that that Kenya’s 2009 40 percent unemployment status was not unique since this East African nation had faced very significant unemployment and under-employment even before independence in 1963 especially in the rural areas where the majority of the people lived and still live today and continue to depend mostly on small pieces of land
for agricultural production to earn their living and are thus more negatively affected by the impact of the persistent unemployment and underemployment.\(^1\)

Table 18 shows the status of cooperative job employment in 2007 in both Kenya and Tanzania. The table shows that Kenyan cooperative organizations had created 3,455 jobs for government based offices and their affiliated institutions while in Tanzania, the cooperative organizations had created only 425 for the same time period. Note however that the disparity in the two nation's cooperative organization job creation is too large and hence questionable.

Table 18. Status of the Cooperative Job Employment in 2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment by Government/Institutions</th>
<th>Employment by Cooperative Organizations</th>
<th>Direct Employment Created</th>
<th>Indirect Employment Created</th>
<th>Total Employment Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>3,445</td>
<td>300,000</td>
<td>303,455</td>
<td>1,500,000</td>
<td>1,803,455</td>
</tr>
<tr>
<td>Tanzania</td>
<td>425</td>
<td>34,524</td>
<td>34,949</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>


The research also found that the primary cooperative organizations alone had created 300,000 jobs in Kenya while they had created only 34,524 in Tanzania during the same time period and that direct cooperative employment by Kenya was 303,455 versus

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1. *CIA Fact Book, 2009* http://www.odci.gov/cia/publication/fact (accessed June 2009). This CIA Report indicated that not only do the citizens in both Kenya and Tanzania's rural experience unemployment, but they are also negatively impacted with under-unemployment in absolute terms.
only 34,949 for Tanzania. Notably that the same Pollet research gave no comparative figures for Tanzania’s indirect cooperative employment created nor for the total jobs created by the cooperative organizations while Kenya had 1,500,000 million and 1,803,455 million for indirect and total jobs created respectively. The research also found that while cooperatives had created 3,445 jobs within Kenya’s government offices and their affiliated institutions, in Tanzania only 425 jobs had been created. The big disparity between the two nations is once again questionable considering that like Kenya, Tanzania has a whole ministry not to mention the cooperative university college in Moshi and its satellite branches which were reported to employ 104 members of staff and faculty in 2007. This is already about a quarter of the total number reported by Pollet. This could be attributed to under reporting in Tanzania or simply unavailability of data during the Pollet research.

Also note the difference in the percentages of the population involved in cooperative organizations. Kenya is 22.7 percent while Tanzania is only 3.9 percent as reported on table 19. This seems improbable considering that it is known regionally that Tanzania has more cooperative organizations than Kenya. The disparity could be attributed to failure by the Tanzania cooperative organizations to share all their data with the researcher Pollet or due to under-reporting by the cooperative officials or the possibility of over-reporting or exaggerating of the data by the Kenyan cooperative officials.
Table 19. 2008 Membership and the State of the Labor Force in 2008 (in millions) in Kenya and Tanzania

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>8,507,000</td>
<td>37.9</td>
<td>22.7</td>
<td>16.9</td>
<td>57.0</td>
<td>45.6</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1,600,000</td>
<td>40.2</td>
<td>3.9</td>
<td>20.4</td>
<td>56.1</td>
<td>49.2</td>
</tr>
</tbody>
</table>


With reference to the SIDA report by Susanna Lundstrom and Per Ronnas, this research reaffirmed that the dismal poverty status in Kenya can largely be attributed to more than two decades of economic stagnation which lead to a steady fall in per capita incomes and a steady increase in both unemployment and underemployment of Kenya's labor force.\(^2\) Additionally, the SIDA report indicated that the number of the people living in poverty in Kenya's rural areas had gradually increased from 48.9 percent in 1992, 46.8 percent in 1994 and to 52 percent in 1997. The SIDA report also clarified that Kenya's history of social inequality dates back to the colonial days and gradually became ingrained into the nation's system, especially in the rural areas where it is spreading and will continue to do so due to the high degree of inequality and the ever increasing gap between the rich and the poor in this east African nation.\(^3\) The implication here is that; there is an immediate need to nurture the nation's cooperative organizations as a means to

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3. Ibid.
empower ordinary citizens to strive daily to improve their socioeconomic status without waiting for government or outside assistance.

The same report also found that despite the fact that both the poor and the rich own almost the same sizes of land, the poor Kenyans spent only about 1,748 Kenya shillings per acre while the rich citizens spent about Kenya shillings 4,718. The SIDA report added that in 2004, more than half of Kenya's population in lived in poverty and that the ratio of poverty of the rural to urban areas was 35 percent to 8 percent respectively. The same report also indicated that more than 70 percent of the rural and more than 90 percent of the urban none wage earners in Kenya were females and that the female lead households were more likely to be affected to a greater extent by poverty. The implication is that job creation for women in the rural area is vital in improving the socioeconomic status of the majority of the poor and that both nations ought to embrace policies which empower women to get involved in income generating enterprises in their local communities.

**Status of Cooperative Education in Kenya and Tanzania**

This research found that both Kenya and Tanzania have only one fully functioning cooperative college and university respectively each with affiliated branches which act as bonafide government institutions for cooperative education. Considering that this research found that lack of trained managers is one of the problems affecting the cooperative progress of the two nation's cooperative, the implication therefore is that

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5. Ibid.
both nations can benefit from additional cooperative training institutions which can train and disseminate degree level personnel who are conversant in cooperative development policy formulation, implementation and evaluation where needed.

The research also found that in Tanzania, a 1991 post SAPs cooperative legislation mandated an increased HIV/IDS awareness and training programs and other health care related projects while at the same time promoting gender equality and within the nation. However, Kenya which had a stand-off with the World Bank was late in legislating and implementing a similar law. The implication here is that the governments of both nations are increasingly getting their cooperative organizations involved in several sociocultural responsibilities besides the previously designated role of marketing produce or simply for providing minor needs of the members.

Note too that by 2005, both nations had formulated and implemented policies to support and revamp their cooperative organizations with a goal of helping their members build their own wealth in accordance with the UN's Millennium Development Goals (MDG) which had been collectively formulated by the Un and it's affiliates to cut down by half, the poverty in the less developed countries by the year 2015. Once again, the implication here is that cooperative organizations in the less developed nations have been identified and recognized by the UN as an important medium for empowering the ordinary members of the civil society including the women and the disabled to band

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6. Ibid., 4.

7. Note that despite the government's restored position as a facilitator for the cooperative movement, it still ensured that the movement was run democratically as a way to facilitate autonomy, self-control and self-reliance within the movement.
together to assist themselves to achieve socioeconomic gains which otherwise not be possible if attempted individually or single handedly.

Conclusion Based on Findings:
Both Nation’s Cooperatives Still Face Some Challenges

Despite the disparities in the Pollet data which have been used in this research, it is evident that the cooperative organizations play an important role in job creation in both nations and are therefore function as a vital organ for improving the socioeconomic status of many citizens who would probably be unemployed.

The feedback received from Kisumu and district in western Kenya indicated that even smaller Kenyan cooperative organizations have a great future due to their potential to change lives within their local communities. Nonetheless, some concerns still persisted as was discussed in chapter five. Both nation’s savings SACCOS, credit unions SACCOS still face competition from the commercial for-profit financial institutions despite their members-centered-practices and liberal management.

Many cooperative organizations in both nations also faced one or more of the following problems; recurrent financial difficulties due to the economic down-turn and resulting in job losses, slow loan processing and loan defaults by member, poor record keeping and unavailability of records to members and other potential users, slow update of organizational progress and setbacks, poor training for community based members, poorly managed community based primary cooperative organizations such as those for dairy production, notable recurring mismanagement of the organizations by appointed leaders and members, a possible bleak future for the cooperative movement if the two
nation’s youth were not involved in the cooperative movement at an early age to replace the mostly older members.

Based on this research study, it is also possible to conclude that cooperative organizations in both nations have the potential to grow further if given the necessary guidance and assistance including the hiring of managers who are academically qualified and are well versed with the management of the cooperative under the ICA mandated cooperative principles and thus elevate these important organizations to their true status/position as alternative policies for development in both nations.

**Recommendations**

As a result of this research findings, one of the recommendations is to expand the current cooperative institutions from just one national institution with multiple satellite branches to multiple fully accredited regional institutions to serve the growing need for degree level cooperative personnel especially managers who are aware of, appreciate and can disseminate the important role played by the cooperative organizations in socioeconomic development in both nations.

These degree level managers would also be able to manage decentralized cooperative organizations, not only to provide for the needs of their members, but also elevate their organizations to a level where they can compete favorably in the free market economy. Additionally, the well-educated managers would be in a position to present the cooperative organizations as viable alternative socioeconomic development models especially for the ordinary citizens who live in the rural areas.
Notably too, as a result of problem with data keeping and possible data unreliability, this study recommends that the cooperative organizations be mandated to keep regular and accurate records of all their transactions within the cooperative organizations. Secondly, that all the cooperative officials, especially the book keepers and the secretaries, should promise to keep accurate records as part of their job description since all cooperative records are vital for the success of all the cooperative organizations. The training in good record keeping should therefore start immediately following the hiring process using simple but, contemporary forms of record keeping techniques. Thirdly, the cooperative organizations should be assisted immediately to transition into a more secure and permanent method of record keeping for all their cooperative business activities.

Last but not least, it is evident that the cooperative movement in East African can benefits from a study of the Warehouse Receipt System (WRS) which had been mandated in 2004 to study eight pilot programs in Tanzania as part of the Agricultural Marketing System Developed Program (AMSDP).8 This research therefore recommends that both nations follow up on the WRS or a similar program because such as follow up would amongst other benefits, enable the cooperative organizations and the respective governments to find out the impact of the poverty reduction programs which in Tanzania had been part of the 2005-2015 CRMP policy plans.9

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8. Andrew Bibby, www.andrewbibby.com/PDF/Tanzania.pdfCPM, 21 (accessed June 2009). Attending meetings with the Tanzanian Business Council was considered as one way to bring all or most of the players together.

9. Ibid.
Contributions

This research has created awareness of the availability of research information in the cooperative institutions of both nations, especially at the designated research institute Moshi where the late researchers Joshua Sizya and Dr. S. Adam Chambo have a wealth of information and also at Kenya’s cooperative college in the outskirts of Nairobi which other researchers can use for various studies. However it is was evident that the process of gathering data in these two East African nations is much more complicated than most would anticipate and hence those who plan to conduct research in the region ought to dedicate more time to the process due to the traditional bureaucratic process at all levels.

The lack sufficient data and the availability of partial data could be due to the fact that those who possessed the data are either not very willing to share the data with outsiders or due to the possibility that the cooperative secretaries, book keepers and other record keepers are still unaware of the importance of their organizational data in areas such as policy formulation, analysis other ethnographic and anthropological studies.

This research also creates additional awareness that the cooperative organizations in these two East African nations lack enough academically trained and qualified personnel who can manage these organizations as true development models which if well managed can be elevated to compete as profitable business enterprises. It further creates awareness of the important role played by cooperative in financial mobility in ways such as lending money ranging from small to large amounts of money to all deserving members some of whom would not be in a position to secure loans from the regular for-
profit financial institutions. Such an act does not only create jobs but, also translates into improved socioeconomic status in many the marginalized rural communities.

**The Impact of the Research on Political Science**

Since political science involves policy formulation, this research can act as a guide for the policy makers in both Kenya and Tanzania to allow them to understand that it is possible that some of the data which may have guided some of their contemporary cooperative polices could have been based on inaccurate data from the cooperative organizations themselves or from consultants. As a result, the policy maker could find ways to ascertain that all the data they receive and use is accurate.

Additionally as a result of this research, African political science scholars and all those who believe and support the cooperative movement ought to assist the cooperative ministry in designing or if necessary in legislating policies which will mandate cooperative record keeping and regular inspections to ensure that the members and those designated to keep records such as the cooperative sectaries are doing so per protocol.

Secondly, this research will act as a reaffirmation that the governments of the two nations studied have indeed made protracted efforts to nurture and support their cooperative movement as a whole as a way to and improve the socioeconomic status of their citizens as evidenced by the protracted policy legislations which started soon after independence in both countries as evidenced by the lengthy pokily discussion in chapter five and also in the chapter summary. Additionally, it was noted that the two nations have continued to receive cooperative support from the global community as noted above.
The Future of Cooperative Organizations as Alternative Models of Development

There is optimism with the research proposal because most cooperative organizations in the rural areas have the potential to incur minimal overhead costs due to the members supplying most of the labor needs. The two governments can therefore strive to nurture their cooperatives as profitable enterprises which can positively contribute to the much needed microeconomic improvement within these two nations especially in their rural areas.

Examples of recent positive changes in rural Kenya includes the ability of a group of citizens in Uriri division in Migori district of Nyanza province starting their own soy bean production and processing despite the lack of significant support from the apex organizations. In Tanzania, several women owned cooperatives organization are currently exporting dried hibiscus products abroad.

There is optimism therefore that as long as the two nation’s cooperative organizations are run by well-trained managers who understand the important role played by the cooperative organizations and the International Cooperative Alliance’s (ICA) rules and regulations while at the same time observing the cooperative principles, these organizations will positively contribute towards the two nation’s development strategies. ¹⁰

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