COOPERATIVES AND THE ADMINISTRATION OF AGRICULTURAL DEVELOPMENT IN KENYA: THE CASE OF MATAMBASI MULTIPURPOSE COOPERATIVE SOCIETY IN RETAUK DISTRICT

By

FANKUHE BOY EUGENE MAKINGOR

Thesis

MPA

1988

C 1

... Administration weaknesses in the structure of cooperatives in rural communities are highlighted... at the University of Nairobi, M. Sc., Jan 1988...
DEDICATION

For my late mother Maverine Makasa, her living husband Washington Mushili and their grand daughters Tasila and Makasa

To my dearest wife Christine Chikha Mulenga and our two sons Roy and Richard
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I................... do solemnly declare that this dissertation represents my own work which has not previously been submitted for a degree at this or another University.

Signature.............................................

Date.............................................
21 - 10 - 88
This Dissertation of .................

is approved as fulfilling part of the
requirements for the award of the degree
of Master of Public Administration by
the University of Turbin.

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Abstract

This study examines the role played by Matambazi Multipurpose Cooperative Society (MPCS) in the administration of the distribution of the agricultural productive resources in the Petauke district of the Eastern Province of Zambia since 1976. The focus is on the resource-delivery system of the cooperative society in order to see how the society facilitates or prevents access by all the cooperative members to productive resources.

The approach used in the study is one which integrates both those factors which are present in the external environment of the society and in its internal organisation and functioning in order to explain the performance of the society. An exposition of the nature and pattern of the distribution of resources among members is first attempted in order to show the pre-existing inequities before proceeding to discuss the role of the society in furthering them. It is established that those who have used the society to acquire more resources do actually produce and earn more than those with less or no resources.

The study concludes that the cooperative society has not effectively administered agricultural development in the Petauke district of Eastern Zambia. This failure
has been caused by constraints emanating from unsuitable and/or inadequate government policies and programmes which have not encouraged developmental effort by the society. Rather than attack these constraints, mal-administration of the society and sheer corruption have accentuated them resulting in the society's failure to effectively deliver agricultural productive resources and the deepening of socio-economic differences among members.
**LIST OF ACRONYMS USED**

1. **AA** = Agricultural Assistant  
2. **AFC** = Agriculture Finance Company Ltd.  
3. **BOZ** = Bank of Zambia  
4. **BCS** = Block Credit Scheme  
5. **CIDA** = Canadian International Development Agency  
6. **CSO** = Central Statistical Office  
7. **CCS** = Co-operative Credit Scheme  
8. **DA** = Department of Agriculture  
9. **DAO** = District Agricultural Officer  
10. **DMCO** = District Marketing and Cooperative Officer  
11. **ECU** = Eastern Co-operative Union Ltd  
12. **ECU-CDD** = Eastern Cooperative Union - Cooperative Development Department  
13. **EPAD** = Eastern Province Agricultural Development Project  
14. **FAO** = Food and Agricultural Organisation  
15. **GDP** = Gross Domestic Product  
16. **ICA** = International Co-operative Alliance  
17. **ILO** = International Labour Office  
18. **MAWD** = Ministry of Agriculture and Water Development  
19. **MT** = Metric Tonnes  
20. **MPCS** = Multipurpose Co-operative Society  
21. **NAMBOARD** = National Agricultural Marketing Board  
22. **NCZ** = Nitrogen Chemicals of Zambia  
23. **PCMU** = Petauke Co-operative Marketing Union  
24. **PMCO** = Provincial Marketing and Cooperative Officer
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<th>Acronym</th>
<th>Description</th>
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<td>25.</td>
<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<td>26.</td>
<td>TNDP</td>
<td>Third National Development Plan</td>
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<td>27.</td>
<td>UNIP</td>
<td>United National Independence Party</td>
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<td>28.</td>
<td>UNRISD</td>
<td>United Nations Research Institute for Social Development</td>
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<td>Zambia Co-operative Federation</td>
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Whenever I develop profound gratitude for people on account of the good things they do for me, I always fail to secure appropriate words to communicate these deep feelings to them. In such cases I often end up simply saying 'thank you' to everyone concerned. This seems to be the position I am in now.

May I therefore, kindly say thank you to the following people for giving me their invaluable help in preparing and writing this dissertation: Professor K. Good who supervised my writing of the dissertation; the Cooperative College for financing my post-graduate studies and granting study leave; the Management, staff and members of the Eastern Cooperative Union and Matambazi MPCS who cooperated with me in several ways during my field work; my family for tolerating my absence from home; and Miss Mphangela Mazyopa, Female Training Officer at Katete Cooperative Centre, and Mr. J.D. Phiri the Education Secretary for the Eastern Cooperative Union for braving it with me in the bushes, farms and villages where I went for interviews and general field work.

Thanks also to all those people who in one way or the other rendered me some form of help.
CHAPTER ONE

1. INTRODUCTION

1.1 STATEMENT OF THE PROBLEM

According to the 1980 Census of population and Housing, Zambia had 5.68 million people by the end of that year. Of this population the rural areas accounted for over sixty percent. This rural population consisted and still consists mainly of poor-peasants. At the same time, eighty percent of the rural households had income, either in cash or in kind, below a hundred kwacha per month (Central Statistical Office, CSO, 1984:01; International Labour Office, ILO, 1981: xxiv-xxv; Bank of Zambia, BOZ, Annual Report, 1980:16). The growth rate of the agricultural sector and that of the poor-peasant sub-sector in particular has been very low since 1964. By the end of 1977, available data continued to show that output by the poor-peasant sector, at 1965 prices, had been growing by about one percent per year between 1970 and 1977 while the growth rate of the rural population had been estimated at a rate three times higher per year (BOZ Annual Report, 1977:16). This meant that real output had actually been declining over the same period. Further, while the share of the commercial sector in agriculture increased from 2.6 percent to 5.5 percent of the Gross Domestic Production (GDP) between 1965 and 1976, the share of the poor-peasant sector declined from 11.1 percent to 8.7 percent (Zambia, 1979:139).
The agricultural sector has not realised its full growth potential in Zambia. Of the 9 million hectares of high potential arable land available in the country, only 1.4 million or 16 percent is currently cultivated (Kaunda, 1984:06). Real Gross Domestic Product (GDP) in agriculture, instead of increasing steadily, has tended to decline. Between 1965 and 1970, the share of agriculture in total domestic production stagnated around 13.7 percent. This share registered a marginal increment during Zambia's Second National Development Plan (1972-76) to 14.2 percent in the final year of the plan (Zambia1979:139). As much as seventy percent of the rural population which is primarily dependent upon agriculture continues to contribute less than ten percent of the GDP and the agricultural sector as a whole, by 1974, still accounted for 13 to 14 percent of the imports but only contributed one percent to exports (Ministry of Planning and Finance, 1974:31).

The failure to increase agricultural production in Zambia can also be noticed by examining the production trends of some of the agricultural commodities. Production of many major crops decreased or only increased marginally from the year 1976 up to 1984. For instance, the marketed production of maize decreased from 746,426 tonnes in 1976 to 382,988 tonnes four years later, and

Table 1.1
MARKETED AGRICULTURAL PRODUCTION IN ZAMBIA 1976-84

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<tr>
<td>Maize</td>
<td>tonnes</td>
<td>746,426</td>
<td>657,000</td>
<td>382,988</td>
<td>508,328</td>
<td>567,146</td>
</tr>
<tr>
<td>G/Nuts</td>
<td>&quot;</td>
<td>8,371</td>
<td>2,234</td>
<td>2,028</td>
<td>810</td>
<td>1,049</td>
</tr>
<tr>
<td>Paddy/rice</td>
<td>&quot;</td>
<td>2,224</td>
<td>2,970</td>
<td>2,511</td>
<td>2,826</td>
<td>6,160</td>
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In order therefore, to develop the agricultural sector and thereby raise rural incomes, the government has chosen the improvement of "extension, marketing, processing, storage, input and credit services to agriculture and ensuring their timely availability in adequate quantities...." (Zambia, 1979: 144). One of the institutions in the rural sector which has been chosen to play an important role in the pro-
vision of these services is that of multi-purpose co-operative societies. The primary multi-purpose co-operative society is seen as a growth pole in the rural sector, a means through which development aid can be acquired and as a means of sensitising the rural masses for collective self-development (Zambia Cooperative Federation Limited, ZCF, 1982:16). This idea was more succinctly expressed in the Third National Development Plan as follows:

To meet credit and marketing requirements of farmers, and to supply inputs and other household requirements of the people in the area, the various services will be co-ordinated and extended through multi-purpose cooperative societies (Zambia, 1979:170).

Since their formation in 1974, these multi-purpose societies have been channeling seasonal credit to their members for purchasing of farm inputs and implements, medium term loans for purchasing the means of production like oxen and ox-equipment, and providing marketing services in order to improve the quality and quantity of their agricultural produce and consequently raise incomes and standards of living (ZCF, 1982:19).

But evidence to date in connection with the administration of the provision of these productive resources to farmers has not been favourable. Available evidence indicates that the present pattern of agricultural productive resources
rendered through the major government programmes, including primary cooperatives, which are designed to assist small-scale farmers, do not necessarily change the binding constraints imposed by the level of household resources (Marter and Honey-bone, 1976). Those who benefit from such development programmes, which involve loan and credit facilities, are not the small-scale farming masses but the rural elite "such as the relatively more prosperous commercial farmers,... members of co-operatives, businessmen etc, who do not form more than 10% of the rural population" (Ollawa, 1977:27). Agricultural extension training is directed towards the farming of the few who are more prosperous to the neglect of many who are poor farmers (International Labour Office, ILO, 1981:21).

Further, Elliot (1983:186) argues that cooperatives in Zambia, which the government uses for distributing productive resources, are not within the reach of the remote poor farmer who has neither the resources nor the management expertise to produce any surplus in a planned way. He adds that these agencies may themselves become agents of impoverishment rather than development by introducing new elements of disequilibrium in the social and economic environments of the remote poor farmers (Elliot, 1983:136). The ILO was even less sympathetic and charged that generally, "official marketing and credit facilities fall outside the service of the majority of the people" and that the
operations of cooperative institutions in Zambia "in fact... do more harm than good and frustrate rather than encourage" (ILO, 1981:99).

It would appear therefore, that there are inequalities in the distribution of the agricultural productive resources among the cooperative members and rural households in general; that resources provided by the cooperatives do not reach the poorest farmer - members, but instead, those who benefit most are the large-scale farmers and the local elites who are already better-off.

Questions may be raised which should generate interest in students of public administration: why is it that these resources channelled through the cooperatives do not reach all the farmer-members but are instead taken by the leading and more prosperous members at the expense of the poor farmers? To what extent is the unequal distribution of these resources present among the members of these societies? What has been the role of societies in causing or entrenching this differential acquisition of resources intended to increase agricultural production and incomes for the members? This study is an attempt to explore these questions.
1.2 PURPOSE, METHOD AND SOURCES OF DATA:

This study examines the role played by Matambazi Multipurpose Cooperative Society (MPCS) in the administration of the distribution of agricultural productive resources in the Petauke District of the Eastern Province of Zambia since 1976. The focus is on the resource-delivery system of the Cooperative Society in order to see how the society creates or prevents access by all the cooperative members to productive resources.

Petauke District is one of the six administrative districts of the Eastern Province. Petauke Boma is on the Great East Road 439 Kilometres from Lusaka. It is at an altitude of 1,036 metres above sea level, has an adequate average annual rainfall ranging from 1534mm to 3560mm, and a distinct rainy season which starts at the end of October or early November and ends in March or early April. The rest of the year can be divided into the poor rainy, cool and hot seasons which are dry with little or no rain (Naidoo and Mumbwe, 1969:15-26; Banda 1984:16-17). The district has three physical regions: the hot and dry Luangwa Valley lying at 600 metres above sea level, the escarpment with a series of broken and discontinuous hills, and the plateau with fertile soils and relatively dense population (Banda, 1984:17; Kay, 1965:104). It had a total population of 158,786 by the end of 1980 out of which 85,382 were
female (CSO, 1984:02).

Matambazi MPCS is on the rich plateau area of Petauke District. The society area lies on the eastern side of the Great East Road midway between Petauke Boma and Sinda Depot of the Eastern Cooperative Union. Its headquarters is 67 kilometres from Petauke and about 50 kilometres from Sinda depot. Small-scale farmers are the most predominant in its area of operation, which is fertile enough for producing maize, sunflower, tobacco and ground-nuts (Naidoo and Mumbwe, 1969:26).

The society was formed and registered in 1954 with a share capital of £150. It now has 600 members and had a total shareholders' interest in the society of £96,052.53 as at the end of the 1983 financial year. It made a surplus of £37,672.35 in 1983 (Society's Audited Financial Report, 1983). The Society is one of the highest producers of crops in the province. It produced 11,417 bags (of 90 kg each) of maize and 3,474 bags of sunflower for the 1983/84 season (Milimbo, District Manager, Eastern Cooperative Union, ECU, Sinda Depot). Of the 1,250,000 bags of maize handled by the ECU in the 1982/83 season, 53,671 bags or 23 percent was handled by Matambazi MPCS (Somogyi, 1983, Appendix 1).

The main activities of the society are the provision of agricultural credit to its members; distribution of
agricultural inputs and implements; operating hammer mills and Cooperative Consumer retail shops; and purchasing, storing and transporting agricultural produce collected among the members and making payments to the farmers for the produce.

The purpose of this study is to provide evidence on the nature and pattern of the distribution of productive resources among the members of the Cooperative Society; to examine the administrative processes and organisational arrangements of the society in order to identify the factors affecting the distribution of the resources; to assess the contribution of the society in eradicating and/or causing or accentuating the observed pattern among the members; and finally, make recommendations on how cooperatives can be effectively managed in order to ensure equitable distribution of the resources.

When he addressed the United National Independence Party (UNIP) National Council at Matero Hall in August, 1969, President Kaunda explained the link between the ideology of Humanism in Zambia and cooperatives to the effect that equality of opportunities and non-exploitation of one man by another which are essential principles of Humanism can only be guaranteed if cooperatives are not only used as mere instruments of development but also as a way of life (Kaunda, 1969:23-25). Cooperative Societies
are a valuable means of creating an egalitarian social structure. Results of this study would, therefore, be useful in evaluating the impact which cooperative programmes in Zambia have made in creating an egalitarian rural society. The study attempts an examination of the resource-delivery system of multipurpose cooperative societies to poor-peasant farmers. Its findings would therefore, contribute to a rural data base for designing suitable programmes in the provision of basic services and resources that are needed to increase production, productivity and incomes without perpetuating inequalities amongst rural households.

The ILO (1981:78) advised against the adoption of uniform national campaigns and programmes because such programmes were likely to be designed for and taken up by those who are rich. Programmes to benefit the rural poor require a special effort. Instead the ILO asked for the sharpening of local level analysis in order to make sure that important elements and significant variations are examined at the local level. This approach, the ILO argued, would help greatly in more accurately mapping out rural deprivation and consequently assist in the identification of priorities for action more clearly. This study is intended to be a contribution in that direction.
Banda (1984) and Kay (1965) state that historically, Petauke District was the second most important agricultural district in Eastern Province and a major focus of colonial agricultural development policy especially after the second world war. This being the case, a study of Matambazi MFCS is basically a discussion of an aspect of agricultural policy as an instrument for rural change at the district level. The study is therefore of both theoretical and practical significance in terms of development administration. It would also augment the literature available on cooperative management, agricultural transformation and rural socio-economic structures in Zambia.

Three main data collection methods are used in this study: the documentary - historical method, the interview, and the questionnaire. The documentary - historical method was used to obtain data by analyzing scholarly literature, existing statistics, reports, minutes, correspondence and other related documents from government departments like the department of Agriculture, Veterinary and Tsetse Control, Marketing and Cooperatives and Petauke District Council, from quasi-government organisations like the National Agricultural Marketing Board (NAMBOARD), the Agricultural Finance Company (AFC), and non-government organisations like Barclays Bank Limited, the DCO, and the Society itself. The same method was used to analyse district notes, mass media reports, and archival documents kept
at the Chipata Branch of the National Archives of Zambia.

In depth interviews were held with policy-makers and administrators at the district, provincial and national levels. For instance interviews were held with members of the Board of Directors of the Cooperative Society, Agricultural Assistants, the District Manager of the Union and the District Marketing and Cooperative Officer of Petauke - both of them are in charge of the Cooperative Society - the District Manager for AFC and the Area Manager for NAMBOARD. This same procedure was repeated at the provincial level with the heads of departments and quasi-government organisations. But the same was not possible with the Party leaders at the local level. Apart from the current chairman of Petauke Ward three under which Matambazi MPCS falls, it was virtually impossible to trace any village development and productivity committee leaders. Others had other commitments while the whereabouts of others were not known. At the national level, interviews were held with appropriate managers at the ZCF, at NAMBOARD - specifically to follow up issues connected with the acquisition and distribution of fertilizer and empty grain bags - and with officials at the headquarters of the Department of Marketing and Cooperatives in Lusaka.
The questionnaire was used to conduct a census of the agricultural productive resources owned and received by the members of Matambazi MPCS in order to identify the nature and pattern of the distribution of these resources. There are now 600 members of the cooperative society and a sample of 150 members was intended. All board members were covered but it turned out to be extremely difficult and expensive to track down the members who were randomly chosen. Some were in the towns seeing relatives while the whereabouts of others was not known. Only 10 members were covered in the first twelve days. Random selection was then abandoned and with the assistance of the Manager of the society, the ECU District Manager for Sinda Depot, and the ECU Education Secretary, questionnaires were administered to any member we were able to find. A total of 95 members were covered in this way in three weeks. Another problem was numeracy, very few members could accurately tell either the acreage of their fields or the number of bags of maize produced and sold or the number of bags of fertilizer and seed per season. This forced the researcher to either physically examine produce receipts for maize-bags sold or loan application forms to verify inputs asked for and those given.
Perhaps a note is necessary on the use of the term 'peasant' in this work. While agreeing with Klein (1980:09) that the definition of the term is one on which there is significant disagreement, peasants here are conceived as small holder rural cultivators who are organised largely in household units which meet most of their subsistence needs while at the same time being actively involved in the wider market economy. So while referring to them all as poor there are seen within this one group of peasants three different categories namely: the poor peasants who are at the bottom plagued with production constraints such as a lack of means of production in the form of implements, inputs and labour; the emerging middle peasants with varying productive capacities who are modernising farming methods and rapidly increasing cash earnings; and finally the rich peasants with improved productive forces and who sell to the market regularly. These usually combine agriculture with other types of rural enterprise such as running shops. Almost sixty percent of marketed maize in Zambia is produced by small holder rural cultivators. The term 'poor peasant' is therefore used to describe the peasant farmer who is constrained by lack of productive resources but who markets a percentage of his agricultural production, as opposed to a pure subsistence cultivator.
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Second Long-Term Cooperative Development
CHAPTER TWO

2. AN EXAMINATION OF EXISTING THEORIES AND LITERATURE

2.1 EXISTING THEORIES AND LITERATURE

Available literature contains a number of explanations as to why there exists inequitable distribution of productive resources among cooperative members. The greatest weakness of these explanations is their extreme reliance on either only those factors that originate and are present in the external environment of the cooperatives on the one hand, or on only those that are present in the internal organisation and functioning of the cooperatives on the other hand.

Little effort is made to integrate both external and internal factors and therefore existing explanations tend to be one sided. The approach used in this study is to try and integrate both external and internal variables to explain the performance of the cooperative society.

Gross (1964:xi-xv) explains that for every organisation, there are two types of external environments, the immediate and the general. The immediate concerns itself with the "organisation's linkages, with clients" such as suppliers, associates, supporters and advisers, and the general environment comprises the additional external systems that "suddenly thrust themselves into an organisation's immediate environments in the future" or that may in the present generate unforeseen constraints or opportunities such as political parties, the state and families. He goes on to add that every
organisation is usually surrounded by a complex assortment of people, units, demands and opinions that interrelate with it on the basis of various roles such as advisors, lenders, investors and clients (P.xv).

In line with this characterisation of the external environment of organisations, the following external factors are advanced to explains the inequitable distribution of productive resources by cooperatives: the democratic nature of the cooperatives, influence of external opinions and demands, impact of political pressures, and physical infrastructure.

The argument in the explanation which points to the nature of the cooperative society itself is that because the cooperative society is a democratic organisation open to all people in its area of operation, the existing community structure tends to be reproduced in the membership of the cooperative. The powerful and influential forces in the community such as the traditional leaders, bureaucrats, politicians and rich traders may become members of the cooperative together with poor peasants. These important and influential groups act to control the cooperative consequently affect the distribution of resources among members (Migot Adholla, 1969 and 1970, Cliffe 1970, Hansel 1974, United Nations Research Institute for Social Development, UNRISD, 1975 Ng'anga 1976). For instance, it is argued that
however democratic a cooperative society may be, farm workers or tenants cannot be expected to have an equal say in the management of a cooperative with their landlords on whom they are dependent. Wealthy farmers are able to secure a large proportionate share of resources as compared to poor peasants (Hansel 1974:111).

Those who use the explanation of the influence of external opinions and demands on the cooperatives contend that members of the boards of directors and, to a certain extent managers, bring to bear on the operations of their societies outside opinions and demands which create constraints in the management of the cooperatives. Diverse opinions and demands may prevent the board of directors from sharing the same objectives. This is mainly, so they argue, due to: differing backgrounds in terms of views and experiences (for instance, teachers, traders, farmers and politicians) of the people who get into leading positions; the basis of recruitment and the loyalty of these elected board members; and competition of cooperatives with other organisations (Hyden 1970, Hyden and Karanga 1970, Lele 1978, Borda, 1969, Apthorpe 1970).

A rich trader may also be a farmer and may subsequently be elected a member of the board of directors of the coopera-
tive. Such a leader is usually able to "divert some of the money of the cooperative institution for purposes connected with his own private activities" such as improving land or building political support in the area (Hyden 1970:67). Further, it is argued that where committee members in a cooperative are elected on the basis of local constituencies these committee members so elected tend to fight for the constituencies or for themselves (Hyden and Karanga 1970:28). In this case, interests other than those of the cooperative come to affect the decisions of the management committees. This is the position Bratton found in Kasama District in the Northern Province of Zambia. He observed that there was a cleavage between local level party-state leadership on one hand and a dispossessed peasantry on the other to the extent that local leaders in Kasama began to show shared consciousness of privilege. For example, Bratton argued (1978:439), "Ward Development Committees throughout the District acted in concert to divert agricultural credit and housing grants." As stated earlier, these party-state leaders usually find space on management committees of cooperatives. The equitable distribution of the resource may become difficult.

Similarly, loyalty of the committee members may be towards selected interests. As Gross (1964:116) puts it, there is always a tendency for the "resource suppliers,
associates, and supporters of an organisation to exploit its dependence upon them by assuming the role of controller also." Gross adds that in some cases, this process of control may be limited to obtaining a favoured position with respect to a range of activities of an organisation, such as the awarding of contracts. This is supported by the resource-dependency theory advanced by Pfeffer (1982) which suggests that organisational behaviour becomes externally influenced because the organisation must attend to forces in its environment which provide those resources that are vital to its continued existence. Organisations or those leading them will respond more to the demands of those organisations or groups in their environments that control critical resources (Pfeffer, 1982:123).

Those who emphasize the impact of political pressures on the functioning of cooperatives argue that the role of political influence in the formation, organisation and decision-making of the cooperatives could create skewed distribution of the resources (Nigot Adholla 1969 and 1970, Hyden 1970, UNRISD 1972, Von Freyhold 1979). Political pressure, it is said, not only motivates people to form and join cooperatives but also requires that the politically active members in these cooperatives get more resources like loans, implements and inputs than other,
Politically passive, members. Cooperatives may not only suffer from lack of assistance from outside, they add, but are also "permanently exposed to the danger of internal decay caused by the cultural and political tendencies predominant in society as a whole..." (Von Freyhold, 1969: 89).

Lastly, all the above authors allude to the fact that equitable distribution of resources is not possible where ecological, transportation, storage and other marketing facilities are either absent or inadequate. Trade channels, improved transportation facilities and better purchasing possibilities are decisively important for better performance. Bardeleben (1973:98) and Lele (1978:36) argue that some of these external problems may be completely beyond the control of cooperatives especially those operating at the village level. Timely acquisition and distribution of much needed inputs and implements are difficult for cooperatives where these activities are in the hands of other organisations for instance, the government; "effectiveness in getting inputs to small farmers, nevertheless depends on timeliness of imports..." but usually when input requirements are identified and communicated to major suppliers, imports are not made by governments on time..."(Lele, 1978:36).
While the above studies offer important insights and provide useful building blocks for developing a more comprehensive analysis, they have the weakness of tending to stress a partial view of the problem. They constitute a one-sided explanation because on their own, constraints in the external environment may be inadequate to explain all the forces affecting performance of cooperative organisations. The performance of an organisation depends, apart from its environment, on other interacting variables such as, "its strategy structure and processes" (Paul, 1982:103). An analysis of internal systems and procedures designed to coordinate, effort and monitor achievement, together with the organisational structures created to enable channelling of diverse organisational talents and resources towards performing the necessary tasks is crucial (Goodcock and Francis, 1981:27-29). So rather than base our inquiry on external factors exclusively, we shall incorporate internal factors in our analysis, and establish, where possible, relationships between the environmental and internal variables, whenever they act in combination to influence the performance of the cooperative society. To these internal variables we must now turn.

Those who use internal variables to explain ine-
quitable distribution of resources raise what Lungu (1980:03) calls a "managerial argument." This term is used as a rubric to denote a number of organisational aspects such as goals, structures and processes, human and financial resources, and interpersonal relationships. It is argued that corruption and mismanagement is present amongst leaders of cooperatives and further still, cooperatives adopt cumbersome organisational arrangements and administrative processes which are incapable of swiftly coordinating effort and monitoring achievement (Saul, 1973; Odede et al, 1978; Kapde 1979; Edagwa, 1981).

In environments such as those of African countries today in which administrative systems just foster development (Schaffer, 1969; Iman, 1973) and where managerial and administrative functions have more responsibility for determining success or failure of cooperative ventures, so the argument goes, effective leadership is crucial for purposes of change and progress. However, inefficiency and corruption by various sorts have been reported in the cooperative movement both in the work of managers and the members of the boards of directors (Saul, 1973: 47-48, Zambia Daily Mail, 20th March, 1975). There may be preferential treatment of committee members, relatives, and friends in the giving of loans (Bager, 1980:76). Autocratic leadership powers, decision making and information are often concentrated in individuals. These have the final say on who should get resources.
It is further argued that bureaucratic constraints may not only result in inequitable distribution of resources but deep socio-economic differences may also grow among the members (Kapde, 1979; Edagwa, 1981). Where for example, administrative procedures of processing loans to farmers are extremely long and complicated these lead to late release of funds and supply of farm inputs and implements, and "when farmers receive farm inputs late, they plant and use them late, which results into poor harvest that lead to low farm incomes and poor loan repayment". (Edagwa, 1981:14-15). But the economically strong will be able to plough and plant in time and get good harvests. The end result is further inequalities in incomes. Further, these highly centralized and bureaucratic procedures of approving and releasing resources may be compounded by difficult conditions for participation thereby excluding the poor peasants.

But serious as these internal constraints may be, they are insufficient, on their own, to explain performance failures of cooperatives. External constraints, we have seen, are equally important. These explanations are also inadequate in the sense that they leave out reasons why, for example, inputs and implements arrive late. Are the cooperative entirely responsible?
The functioning of cooperative societies in Petauke district has not received due scholarly attention. George Kay (1965) examined the evolution and objectives of cooperatives in Petauke during the colonial period. But Kay's study is only useful in providing data about the historical development of cooperatives in the area. It does not make any attempt at examining, for instance, the constraints that the cooperatives faced and Kay only discusses cooperatives as one aspect of agricultural development in Eastern Province, a subject which was his main concern. Although Banda (1984) focussed his study on one cooperative society, the Petauke Cooperative Marketing Union (PCMU), his study is also only valuable in giving historical data on the evolution and activities of cooperatives in Petauke District. Just like Kay, he also only studied PCMU's activities during the colonial period. His conclusion that the development of the cooperative movement in the district was an effort by the government to assert control over peasant agricultural production may not be the case today. A fresh look at the administration and performance of cooperatives in an independent Zambia is necessary.

It is from Steven Quick's study (1978) that this thesis has benefitted most. Quick concentrated his work on farming
cooperatives in independent Zambia from 1965 to 1972. He argued that a "full explanation for the failure of rural cooperatives must examine both the behaviour of members and the environment which encouraged this particular kind of behaviour" (1978:xii). Using this approach Quick established, inter alia, that political pressures very much affected the functioning of cooperatives in Zambia; these pressures motivated people to form and join cooperatives. They condoned mismanagement and corruption, and they dictated that "politically active co-operatives get tractors even if they did not have sufficient acreage to justify one..." (1978:61). Quick also highlighted incidences of incompetent leadership in cooperatives and late delivery of inputs, implements and loans.

Convincingly as Quick might have argued, there seem to be some problems with his study. Different cooperatives have emerged now in Zambia such as multipurpose cooperatives which did not exist at the time of his study. Secondly, the rash decision-making and the political influence that characterised the immediate post-independence Zambia government administration may not be the same today. Further, the inequitable distribution of productive resources, we have seen, is not caused by political pressures alone. Quick, although he called for a multi-factor approach, seems to
have given political pressures undue emphasis. And finally, Quick does not attempt to give evidence on the distribution of the productive resources, among cooperative members, which could have been caused by the political pressures.

But what is more interesting in Quick's study is his external cum internal factor analysis scheme which this work has adopted. He argued for the consideration of both environmental and internal variables and applied this approach to an examination of the functioning of a government department: The Department of Cooperatives which is in charge of organising and supervising cooperatives in Zambia. He studied the impact of the decisions of the central government, through this department, on the behaviour of members of cooperative societies in Zambia, maintaining that decisions of the central government largely define the environment within which cooperatives function (Quick, 1978:xii). Drawing on this multi-factor approach used by Quick, this thesis examines the impact of both environmental and internal factors on the functioning of Matambazi MPCS.

It is also our contention that a discussion of the factors responsible for inequitable distribution of resources among cooperative members should be premised on first, a clear exposition of the nature and pattern of the
distribution of resources among them. This is important because an explanation of the causes of inequitable distribution is a matter consequent upon the actual existence and perception of these inequalities.
2.2 REFERENCES TO CHAPTER TWO.


Kay, G., (1965), Changing Patterns of Settlement and Land use in the Eastern Province of Northern Rhodesia, University of Hull Publication


CHAPTER THREE

3. SOCIETY ORGANISATION AND THE DISTRIBUTION OF ECONOMIC RESOURCES AMONG MEMBERS

3.1 THE ORGANISATION OF MATAMBASI MPCS

3.1.1 Structure of the Cooperative Movement in Eastern Province

The Cooperative movement in Zambia consists of a three-tier structure which is composed of primary societies at the village level, multipurpose secondary societies (nine provincial multipurpose cooperative unions and two country-wide organisations), and one apex cooperative organisation—the Zambia Cooperative Federation. As at December 1980, there were 778 primary societies (single and multipurpose) in Zambia (ZCF, 1982:01). The ZCF was created in 1973 to serve as a uniting apex body of the cooperative movement under whose umbrella the cooperative unions and societies should collectively meet and act for the movement in the country. The main objective of the ZCF is to "advance and coordinate cooperative development in order to improve the economic position and social life of the majority of the people of Zambia" (ZCF Annual Report, 1981:05). All Cooperative unions in Zambia, including the Eastern Cooperative Union, are members of the ZCF. ZCF is mainly offering services such as the marketing of inputs and implements, audit and accounting services, public relations, insurance, and education and training to farmer-members and member organisations in the country (Holmstrom and Anderson, 1981:08-09).
The ECU is responsible for, interalia, marketing and distributing agricultural produce and inputs in the Eastern Province. Like all provincial cooperative unions in Zambia, the ECU is assisted by the Department of Marketing and Cooperatives in the Ministry of Cooperatives, the ZCF, and the Namboard. The Department Coordinates all agricultural marketing activities and all "agricultural input supply services provided by marketing organisations dealing in primary agricultural products" (Department of Marketing and Cooperatives, Annual Report for the year 1979, 1981:01). The Namboard has marketing authority for controlled grain products and fertilizers and the Board derives its authority from the National Agricultural Marketing Act, Cap. 356 of the laws of Zambia.

Overall, the functions of the ECU are to purchase agricultural produce from the farmers and transport it to its main storage depots; to retain sufficient maize in Eastern Province in order to cater for provincial consumption needs and ultimately sell the surplus to NAMBOARD for national distribution; making adequate arrangements for sufficient storage of produce and agricultural implements and inputs; to acquire and distribute all inputs (fertilizer, seed and equipment) to the primary societies in the province, to provide agricultural credit to farmers, and ensuring timely payment for produce bought from farmers. In the case
of fertilizer, Namboard procures fertilizer from suppliers overseas and the Nitrogen Chemicals of Zambia (NCZ) and then distributes it to all provincial cooperative unions which in turn distribute to the primary societies (Mukumbuta, 1983:03, Ngwenya, 1983, MAWD, 1983:06-08).

3.1.2 Matambazi Multipurpose Cooperative Society

History and Objectives

Up to and including 1947, the marketing of produce in Eastern Province which producers could not dispose of within the province was arranged by the Department of Agriculture. In this year, the Government decided to establish cooperative associations which were given this task.

The first two cooperative producers' associations in Petauke District came into operation in January 1948. The societies operated rural buying stations, transported produce from these to regional depots, graded, cleaned and fumigated produce as necessary, and packed and dispatched to its various consumers (Kay, 1965:52). Matambazi Producers' Cooperative Society was registered in 1954 with a membership of 150 and share capital of £150.00. By 1962, the society had six buying stations, and ten years later membership increased to 554 with a paid up share capital of K878.75. In 1974 the society, as a result of a nation-wide government
policy, became registered as a multipurpose cooperative society, adding on the function of brick-making in that year, started participating in the Cooperative Credit Scheme (CCS) the following year, and to date runs hammermills and cooperative consumer retail shops. It now has 14 markets and 6 selling centres (A.N. Tembo, Society Manager 07.05.85). A Market in the terminology of ECU, is a place where produce is bought from farmers, and a selling centre is one where fertilizer is sold to the farmers.

According to the society’s current constitution, the society's objectives are the purchasing, storing and transporting of agricultural produce collected from its members; marketing such produce or forwarding to the ECU, and processing or handling any agricultural products in accordance with section 25 of the Cooperative Societies Act of 1970 (Cap.689). This section permits the registration of a cooperative society for the main purpose of, inter alia, undertaking and carrying-on all kinds of business operations connected with the marketing, collecting, receiving, taking delivery of, buying, handling, grading, storing, transporting, and selling any agricultural product produced or delivered to it by its members or non-member patrons.

Today the society runs three consumer retail shops. As and when permitted by the Registrar of Cooperative Socie-
ties, the society is empowered to collect savings from the members and to participate in credit schemes organised to promote agricultural production among its members. And since 1975, the society has been actively participating in the CCS which is administered by ZCF-Finance Services (ZCF-PS).

Organisation and Management

Migot Adholla (1970:33), Hansel (1974:111), the UNRISD (1975) and other writers mentioned elsewhere in this thesis assert that a cooperative society is a democratic organisation which may be open to all types of people in the area in which it may operate. In such a case, the existing community structure tends to be reproduced within the cooperative to the effect that powerful forces in the community (such as traditional leaders, traders and politicians) may be found together with the poor peasants in the cooperative society. This seems to be the case with Matambazi Cooperative Society where "membership is open to every person who has reached the age of 16 years and is resident within the trading areas of the society and is willing to promote the purpose of the society regardless of social status, race, creed or political beliefs" (By-Law No. 5, Societies Rules of 1972). However, a person must pay K2.50 which is the cost of one share and membership fee, before one can be allowed to exercise all the
membership rights.

The society is led by a board of directors consisting of seven members who should hold office at the rate of three members for three years, two for two years and the other two for one year. The system used to elect board members of the society can be likened to what Hyden and Karanja (1970:208) term as being "on basis of local constituencies." There are no specific demarcations but a system of markets is used whereby a board member has to represent a certain number of markets (Board Chairman Banda 07.95.85). The constitution requires that members of the Board of Directors are elected from among members who show active participation in the activities of the society and who also show a special interest in its development, and who have "good contacts with members and organisations within the area of activity" (society by-law No.47). The board is in charge of directing and supervising the business and property of the society and is empowered by section 113 of Cap. 689 to consider and approve or reject applications for membership. By-law number 60 seems to aptly summarise the duties and powers of the board thus:
In accordance with the by-laws of the society and existing laws, the Board shall exercise supervision of the management of the society. The Board shall with special care watch over the business management, keeping of accounts and the administration of funds, examine the decisions and measures of the Society Manager with reference to the suitability and their agreement with law, by-laws, instructions or otherwise current regulations of proceedings, inspect the shops and other premises of the society and ensure that planned and energetic educational and information work is carried on.

Board meetings are held once every month and minutes are kept of the meetings. Theoretically, the board of Directors are answerable for all their activities and performance to a General Meeting of the members who have collective authority as joint owners of the business and property of the society.

The general meeting has power to confirm or amend the proposal of the directors as to how the net surplus of the society should be distributed; receive, discuss and dispose of the directors' reports when these are available, elect directors and committees; and make such recommendations and decisions as the members may deem necessary with respect to the objects and services of the society (Section 128 of Cap, 689). A society manager runs the daily operations of the society.

Although theoretically the Annual General Meeting of the society is the supreme body which elects the board of
directors and to which the board is in turn answerable for the good management of the society, there are some problems in actual practice. There are instances of failure by the board to call general meetings of members, to effectively supervise and guide the management of the society, and sheer inefficiency and corruption. For instance, there were no annual general meetings for 1981 and 1982 such that for three consecutive years the board did not report its activities to the members.

Inspite of the fact that cases were not met in the society of "rampant tendencies of misappropriation and mismanagement ... by those appointed to manage or elected to management committees" as Odehe et al found for most Kenyan Cooperatives (Odehe et al, 1978:23), there are several cases of unsatisfactory accounting practices which may give rise to corruption by both the Board and Society Manager, as Saul established for a cooperative tractor programme in Sukumaland in Tanzania (1973:147). The auditors reported after checking the final accounts of Matambazi MPCS for the financial year ending 31st December 1981 that they had not received all the information and explanations they required, that proper books of accounts had not been kept by the society, and that minutes from the previous annual general meeting had not been made
available to them. On this account, they were unable to confirm the correctness of the necessary entries in the books as required by section 23 of the cooperative societies Act of 1970 (Society Audit Report for the 1981 Financial Year).

Earlier on, before the 1981 audited accounts were released by ZCF Auditing Services Limited, the firm's Chief Auditor, in a letter to the Chairman of Matambazi MPCS, had remarked that the society was losing money due to stock losses, non-issuing of receipts by the Society Manager and wrong pricing. The Chief Auditor wrote:

We are unable to check the receipts between the month of March and June 1981 because the receipt book covering this period was not there. We recommend that all accounting books should be made available to the auditors for examination as required by the law.... As in the previous year at least 70% of the cash payments we checked were only authorised by the Society Manager and a number of these payments were still inadequately supported ... The society over the years has not kept a register of its fixed assets which have been increasing. (Letter by Chief Auditor 11.04.83).

Such book-keeping practices are not good for the efficient performance of the society. They could be intended to allow the Society Manager privileged access to society funds and stock. The audited accounts for 1981 were released in 1983. And yet accounting, inspection and audit records are considered to be important means of providing essential information to facilitate effective control by members.
Further acts of mismanagement and corruption have been established. In 1983 at Kanjiwa selling centre there was a shortage of fertilizer worth K902.54 and investigations revealed that the village headman under whom the selling centre fell got away with K220.00 worth of supplies. No action was taken to punish the headman (Board Minutes of 10.06.83). The society's final accounts for 1980 showed a shortage of inputs worth K1,216 which could not be accounted for; and in 1983, the society's final accounts for that year revealed that income of K7,954.66 was not receipted for by the Society Manager who attributed his failure to do so to "pressure of work" (Board Minutes of 10.04.85). At the same board meeting, which the Assistant District Manager for Sinde Depot, Mr. Hankombo, attended, it was learnt that the society did not have a fixed assets register and that there were no purchasing documents for the society's Isuzu Vanette thereby obscuring its actual cost price. The Chairman and the Society Manager had bought the vehicle.

Although no documentary evidence could be obtained to prove an absolute link, there were many accusations from the members interviewed that there was too much power in the hands of the Society Manager and Chairman. The two have been in office for over ten years, and in the view of respondents, there were no indications that they would
vacate their seats in the near future. Supremacy of the two could also be observed during interviews with the whole board (07.05.85). Rarely were their views objected to by other board members. But given that the society Manager could approve and make payments without seeking the authority of other board members, and given that he and the Chairman could purchase a vehicle without an invoice, it can hardly be doubted that the two wield considerably more power than other board members.

Almost all employees of the society such as the sale-sadies in the society consumer shops and fertilizer selling centres, listing clerks and credit officers are related to either the Chairman or the Society Manager. They are nephews, nieces, sisters or brothers-in-law (Ngwenya, 09.05.85). Headman Chalonibantu made a direct accusation that the Society Manager, the Chairman, and also the local Ward Chairman, had used their positions to acquire more CCS loans, to get first access to inputs, and frequently to use the society's vanette to collect their own fertilizer from Petauke (Headman Chalonibantu, interview on 07.05.85). The local Ward Chairman is allowed to sit on important board meetings such as those considering CCS loan applications from members, those that discuss supply and marketing arrangements, and those
which make recommendations to the society annual general meeting for the distribution of the net surplus.

From the foregoing, it is possible to see that annual general meetings are not held as required. The management of the society is in the hands of a few powerful individuals and the board is not actually answerable to the general membership. The practical effect of these commissions is that members are denied the change of choosing new members of the board of directors; they are unable to receive any progress reports on the performance of the society the board itself and the Society Manager; they have no chance of discussing audit reports to decide on corrective measures, and therefore, unable to actually direct and control the organisation. In the ZCF Audit Report of the Society (of 12th August, 1981) the auditors complained of the non-availability of minutes for the 1979 annual general meeting of the society, arguing that this made it very difficult for them to establish authority for certain financial disbursements effected in 1980. The Chairman and the Society Manager have been in office for too long and changes on the membership of the board of directors are rare. This could be an indication of lack of effective control of the society by the members. A few people seem to be in control of the society to the extent that the board members
and the Society Manager are not accountable to the members. The Society Manager is able for example, to get away with unreceipted for expenses of close to K8,000 per year (Society Audited Accounts 1981 and 1983, Minutes of the Board Meeting of the Society of 10.04.85, discussions with Sinda ECU District Manager Milimbo and Petauwe DMCO Munkombwe 09.05.85).

Production and Marketing

Matambazi MPCS is one of the largest producers of crops, especially maize, in the Eastern Province of Zambia as can be seen from the following table:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MAIZE</th>
<th>SUNFLOWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981/82</td>
<td>29,199</td>
<td>2,190</td>
</tr>
<tr>
<td>1982/83</td>
<td>34,777</td>
<td>7,336</td>
</tr>
<tr>
<td>1983/84</td>
<td>60,417</td>
<td>3,343</td>
</tr>
</tbody>
</table>

**SOURCE:** Milimbo A.V. District Manager, Sinda Depot, ECU, 09.05.85, of the 1,250,000 bags of maize handled by the ECU in the 1982/83 season, 53,671 bags of maize or twenty-three percent was handled by Matambazi MPCS (Sorogyi, 1983, Appendix 1).
The society is a member of the CCS which was previously called the Block Credit Scheme (BCS). It is through this scheme that members of the society are able to acquire agricultural inputs and implements on credit. The scheme was started in 1975 and was initially administered by the AFO until the 1981/82 season when it became an entirely cooperative movement affair administered by the ZCF-FS, a subsidiary company of the ZCF. The participation of the society in the scheme has been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Members getting loans</th>
<th>Loan Amounts</th>
<th>Recovery Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975/76</td>
<td>40</td>
<td>K 4,539.26</td>
<td>100%</td>
</tr>
<tr>
<td>1980/81</td>
<td>415</td>
<td>44,723.98</td>
<td>100%</td>
</tr>
<tr>
<td>1983/84</td>
<td>498</td>
<td>298,700.15</td>
<td>90%</td>
</tr>
<tr>
<td>1984/85</td>
<td>550</td>
<td>429,266.44</td>
<td>-</td>
</tr>
</tbody>
</table>

**SOURCE:**
(a) Inspection Report by ECU Sinda Depot District Manager 24.12.84
(b) Society Manager A.N. Tembo 07.05.85

Matambazi MPCS has been accumulating steady profits. The net profit for the 1981 financial year was K9,127.39 which rose to K25,491.21 for the 1982 financial year, and stood at K33,672.35 as at 31st December, 1983. Retained
earnings for the society were K21,009.48 for 1981 and K80,173.24 for 1983 while total shareholders' (members') interests in the society stood at K99,052.59 for the year 1983 (Society's Audited Financial Reports for the 1982 and 1983 Financial years). For the net surplus of K33,672.75 made in the 1983, the Board of Directors decided at a Board meeting of 10.04.85, to recommend to the Annual General Meeting of the members that it be distributed amongst members as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Reserve</td>
<td>K11,785.46</td>
</tr>
<tr>
<td>Interest on share capital</td>
<td>K 2,020.37</td>
</tr>
<tr>
<td>Education Fund</td>
<td>K 841.85</td>
</tr>
<tr>
<td>Capital Development Fund</td>
<td>K 6,000.00</td>
</tr>
<tr>
<td>Patronage Bonus</td>
<td>K17,025.10</td>
</tr>
</tbody>
</table>

The Reserve Fund is part of the net surplus of the Cooperative Society which is kept in reserve with the ECU to be used for the future expansion of the business or to make up for the unexpected loss at some future time. A society can either have a general reserve without specifying any special purpose for it or it can set aside a fund for a special purpose such as, for example, a Building Fund. The latter is commonly referred to as a Cooperative development fund and is mainly intended for capital expenditures. Further, the net surplus belongs to the members
of the society as a group. It is the requirement of the cooperative principles that a portion of this net surplus should be paid to the members in proportion to their transactions with the society; those doing more business with the society get more than those who do less trade with it (Cooperative Societies Act of 1970, Sec. 23). The disadvantage with this latter arrangement is that instead of working to even out financial gains amongst members, it helps those members who enter the society with high incomes to continue receiving more from the society if they continue to do more trade with it.

3.2 DISTRIBUTION OF RESOURCES AMONG MEMBERS

The actual availability and use of agricultural productive resources and the way the producers perceive their actual use define the main constraints that affect agricultural production systems (Stolen, 1983:05). Stolen enumerates these constraints as the social relations of production such as control of land, and the division of labour; the labour force available such as familial, hired or may be exchanged labour; availability of capital and access to it such as credit and savings; the organisation of the market such as the availability of transport for the movement of produce and inputs, forms and time of payment, prices, availability of inputs and markets; and the quality of extension, research and government policy in general. An examination of the availability and use of agricultural productive re-
sources among the cooperative members is therefore necessary in a discussion of their socio-economic differentiation.

The way productive resources are distributed amongst rural households as Stolen (1983) argues, is an important determinant of how much is produced and also of rural differentiation (Marter and Honeybone, 1976). The level of household resources is one of the factors that influence the range of activities and the scale of operations carried out by the rural households and it is a major determinant of the differences in production and income levels. Marter and Honeybone further contend that the major government programmes offered to small-scale farmers such as those offered through cooperative societies do not eliminate the resource constraints such as those Stolen enumerates. Instead they favour those rural households who already have resources to produce a surplus. The effect is an accentuation of differences between member-households. (Marter and Honeybone 1976 pp. 46-49). But to what extent is this argument applicable to Matambazi MPCS? What is the distribution of resources among the society members and what has been the role of the society in creating such a distribution?

Land

Although several factors can be held responsible for causing socio-economic differences among rural households,
perhaps the most significant factor is the availability and access to land. It is in the area of land use and ownership that landlessness and intensification of rural differentiation germinates. As less and less people control more of the land, more and more people become landless (Lenin 1967, Mishra 1982, Ghai and Radwan 1983). Further, unfavourable methods of land tenure may hinder agricultural production. High rents will discourage investments and financial houses will hesitate to lend money to farmers who have no security of tenure (Parthasarathy, 1971). The effect of landlessness wherever it occurs is migration in search of land to cultivate or simply to engage in selling one's labour power thereby creating a class of agricultural labourers on big farms or workers in the mines or other industries.

Matambazi MFCS's area of operation is in Chief Nyanje's area in Fetauke District. The system of land tenure practiced in the area is that all land belongs to the state and the Chief holds it in trust for the people in the area. There was no evidence established indicating the existence of a scarcity of land among the members of the society. No member amongst those interviewed, raised any complaint regarding the non-availability of enough land for cultivation. Even where the members could not accurately tell the acreage of their fields, they still indicated that they had enough land. The District Agricultural Officer (DAC) for Fetauke
district further indicated that land grabbing has never been experienced in Chief Nyanje's area (09.05.85, and also Headman Nkande, 10.05.85). Of the total membership interviewed 79 per cent own between four and six acres of land, over 12 per cent own from seven to nine acres and only 7.3 per cent own not more than three acres of land each. Twelve and a half per cent own 16 acres and above.

Small scale farmers are predominant in Petauke District. The acreages cultivated are small. A household cultivated area survey conducted, for the 1982/83 cropping season, in the district by the Eastern Province Agricultural Development Project (EPAD) Research and Evaluation Unit showed that 11 per cent of the farmers in the district cultivate less than half an hectare, 21 per cent between 0.50 to 0.99 hectare and only 7 per cent cultivate three hectares. This is in contrast with the neighbouring Katete District where 30 percent of the farmers cultivate three hectares due to a predominance of commercial farmers. The average garden size for farmers in Petauke District is 1.91 hectares (EPAD Project, Base line Survey data 1982/83).

Where all rural households have free access to as much land as they feel they require for production, socio-economic differences between the households may be caused by their differential access to the means of cultivating the land.
(Cliffe 1978, Bwalya 1980). It is an essential requirement therefore, to examine the distribution of these means of production such as labour, equipment, capital and extension services.

Labour

The non-availability of labour for production purposes can be a very big constraint on increased agricultural production by farmers. A steady and continuous availability of labour can generate possibilities for some producers to expand their production beyond the constraint imposed by familial labour, kinship ties or other institutionalised forms of exchanging labour (Stolen, 1983:11). The critical significance of the shortage of labour for the small farmer becomes more manifest, for example, in the case of the production of maize which is very labour intensive.

Most of the interviewed members of the society confirmed the scarcity of sufficient labour to plough their fields. Forty nine of the members indicated that each year they have to contract seasonal wage labour in order to complete work in the field up to the harvest stage. 18 percent of the members interviewed had either only one or two adults in the household to help with farm work. However, a large number of the members had between five and six adults in the household who helped with farm work as the table below illustrates.
## Table 3.3

**ADULT LABOUR RESOURCES FOR MEMBERS' HOUSEHOLDS (N=95)**

<table>
<thead>
<tr>
<th>No. of Adults in Household</th>
<th>% of Households Having that Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 2</td>
<td>17.89</td>
</tr>
<tr>
<td>3 - 4</td>
<td>28.42</td>
</tr>
<tr>
<td>5 - 6</td>
<td>29.47</td>
</tr>
<tr>
<td>7 - 8</td>
<td>15.78</td>
</tr>
<tr>
<td>9 and above</td>
<td>08.42</td>
</tr>
</tbody>
</table>

Although over fifty per cent of the members hire wage labour for their farm work, this is not on permanent basis for all of them. No case was encountered where a farmer kept his farm workers on the farm throughout the year. The fact that farm workers are only seasonal can also be discerned from the methods used to pay them. Of the 40 people who said they hire seasonal farm-labour, only 12 of them paid the workers in cash. The predominant method of payment is in kind. Old clothes, salt, soap or a soccer ball, for example, are used to pay the workers. A soccer ball may be bought by a member and loaned to school boys who use it for sports in return for some hours of work in the ball-owner's field. Payment also takes the form of salt being given to the workers or those who help with work on one's farm are feted with beer thereafter. Workers therefore, do not take their engagement on the farm to be permanent jobs. For
the 46 members who stated that they do not hire wage labour, it is either that they have adequate adults like wives and dependants in their households, or, as it was in most cases, that they have no means of paying the workers.

Indications of the members being in want of more labour were present in their marriage patterns and in the way they ranked the constraints that affect their farm work the most. All those members who had two or more wives stated that the wives provided a source of labour. In fact two members had a total of nine wives. The Chairman of the society, who happens also to be the highest maize producer in the society has five wives. The table below illustrates the number of wives per member interviewed during the study:

<table>
<thead>
<tr>
<th>No. of Wives</th>
<th>No. of members Having the wives</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>07</td>
</tr>
<tr>
<td>1</td>
<td>59</td>
</tr>
<tr>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>03</td>
</tr>
<tr>
<td>4</td>
<td>01</td>
</tr>
<tr>
<td>5</td>
<td>01</td>
</tr>
</tbody>
</table>
Its stating reasons for not expanding agricultural production, or the major obstacles that the interviewed members faced in improving their farming and production, 72 percent of the members pointed to lack of cattle for ploughing and 21 per cent blamed the lack of credit facilities for wage-labour and oxen. Reliance on the use of oxen for ploughing could be an indication of labour shortages and this observation is made stronger when backed by observed member requests for labour credit. The table below shows the rankings of the constraints as they affect members of Matambazi MPCS. Some respondents out of the 95 interviewed faced and therefore stated more than one obstacle in improving farming or expanding production.

Table 3.5

<table>
<thead>
<tr>
<th>Reasons</th>
<th>% Distribution of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Late Payment</td>
<td>53.6</td>
</tr>
<tr>
<td>2. No tractor/plough for hire</td>
<td>05.2</td>
</tr>
<tr>
<td>3. No cattle for ploughing/cattle disease</td>
<td>71.5</td>
</tr>
<tr>
<td>4. Lack of Improved Farm Tools</td>
<td>24.2</td>
</tr>
<tr>
<td>5. Non-Availability/Late delivery of Inputs</td>
<td>75.7</td>
</tr>
<tr>
<td>6. Late of delivery/lack of Empty Grain bags</td>
<td>87.3</td>
</tr>
<tr>
<td>7. Lack of Credit for labour and Oxen</td>
<td>21.0</td>
</tr>
</tbody>
</table>
Table 3.6

MEMBER DISTRIBUTION BY FARM EQUIPMENT OWNED (N=95)

<table>
<thead>
<tr>
<th>Equipment Owned</th>
<th>% of Members Owning it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>00.00</td>
</tr>
<tr>
<td>Trained Oxen</td>
<td>05.30</td>
</tr>
<tr>
<td>Ox-drawn Plough</td>
<td>82.00</td>
</tr>
<tr>
<td>Cultivator</td>
<td>03.10</td>
</tr>
<tr>
<td>Ox-Cart</td>
<td>53.00</td>
</tr>
<tr>
<td>Planter</td>
<td>02.00</td>
</tr>
<tr>
<td>Harrow</td>
<td>01.06</td>
</tr>
<tr>
<td>Sheller</td>
<td>00.00</td>
</tr>
<tr>
<td>Hoe and Axe</td>
<td>100.00</td>
</tr>
</tbody>
</table>

In this case, the position is still bad in the wake of a critical shortage of trained oxen caused by unchecked cattle disease. At the time of the research a majority of the members complained, and this was confirmed by the District Veterinary Officer, of a high rate of cattle sickness and death. This meant less trained cattle available for farm work. As Table 3.6 shows, only 5.3 percent of the members interviewed owned trained oxen. One point to mention here however, as the District Veterinary Officials confirmed, is that over fifty per cent of the members interviewed owned
trained oxen at one point but the oxen later died of disease. In the culture of the people in Petauke district, cattle are regarded as wealth and owning is almost a must for every person in the community. This is one reason why it is possible, in the absence of disease, to find most members with trained oxen.

One way of overcoming the problem of lack of equipment is to hire the farm-equipment from those who have it. Table 3.7 below shows the equipment hired by members.

<table>
<thead>
<tr>
<th>Equipment Hired</th>
<th>% of Members Hiring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>01.00</td>
</tr>
<tr>
<td>Trained Oxen</td>
<td>31.00</td>
</tr>
<tr>
<td>Ox-drawn Plough</td>
<td>22.00</td>
</tr>
<tr>
<td>Ox-Cart</td>
<td>32.00</td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>00.00</td>
</tr>
</tbody>
</table>

A good number of members hire ploughs and trained oxen, which is an indication of scarcity of farm equipment among members. Members also have a shortage of transport for the movement of agricultural supplies and produce to and from their fields. The
greatest number of members, 39 per cent, hire ox-carts. The society does not have trained oxen, carts, ploughs or a tractor for hire. The hiring therefore, takes place amongst the members themselves or between members and local businessmen. Notable among those having equipment for hire are this latter category. The centre of the society's area of operation is a place called Chikalawa. This seems to be the residence for school teachers, health centre employees, local United National Independence Party (UNIP) Ward Officials and traders. Most of these people are members of the society and they are the ones who, among those interviewed, had most farm equipment. For instance, the Chairman of the society owns a shop in the same place, the Society Manager also owns a shop although not in that area but in neighbouring Kapamba District; and there were three other traders who are also members.

The Chairman had two ploughs and 30 cattle 8 of them trained, two ox-carts and a vanette. The Manager had two ploughs 16 cattle (four of them trained), while three traders had a total of 64 cattle twenty of them trained and together with a school teacher they had three ploughs each. Of these three traders one had a tractor. It is from these local elites that members hire ploughs and trained oxen.

The overall picture therefore is that some society members own more farm equipment than others and they let out this equipment to other members of the society for a charge. Those members
owning more farm equipment like the Chairman, the Manager and the local traders are not only able to produce more than those hiring their equipment but they also secure extra incomes from the hire charges.

Credit

Compounding the shortage of labour and farm equipment mentioned above is the non-availability of credit for purchasing equipment or hiring labour. Agricultural credit can be secured from the CGS, the AFC, and commercial banks such as Barclays Bank or National Commercial Bank Limited. It is given in the form of inputs and implements and not cash. All these credit sources only give seasonal loans. There are no loans available for labour, purchasing or hiring oxen and farm equipment such as tractors for the small-scale farmers.

The lending policies of the AFC and the Commercial banks are harsh for most members. AFC loans are seasonal and loan repayment is ensured through a system of deductions at source done on behalf of AFC by the cooperative society. The farmer receives only a balance of the money from crop sales, the loan being deducted by the society. Commercial banks give loans only to those members already having some resources and only after taking into account farming activities of the members for past seasons. For instance credit is only allocated to those members who can show steady increases in their savings with commercial banks and the applicants must therefore have bank
accounts with these banks. In fact, all AFC loanees whose produce value falls below the value of their stop orders cannot be paid any money from the sale of their produce. Instead, all the proceeds have to be paid to AFC directly (Minutes of Provin-
cial Credit and Marketing Services Committee, 14th March, 1978, Eastern Province). Such loanees cannot therefore qualify for loans for the next season. The overall effect is that, apart from becoming perpetual debtors, most members avoid AFC loans altogether. But for those society members such as the Chairman and the local traders mentioned above who can afford the requisite savings and agricultural equipment, AFC loans are available. In fact the Chairman used to borrow not only from the AFC but the Barclays bank as well. He only switched to the CCS when it became possible for him to get more credit from CCS beyond the stipulated maximum limits, allegedly with the connivance of the Manager and the local ward Chairman (Headman Nkande, 10.05.85),

The bulk of the agricultural credit comes from the CCS. Society members got K4,539.00 from the scheme in the 1975/76 season, K234,350.00 in the 1981/82 season and K429,266.44 in the 1985/86 season. The CCS conditions are that no member can get more than sixty pockets of fertilizer, which means that the credit is not intended to assist a person to plough more than sixty hectares. Loans are not issued to members who have not reached a satisfactory recovery rate which is fixed annually and no cooperative society can be issued further credit for the
same reason (ECU Credit Manager, Kawaza; Department of Marketing and Cooperatives Agricultural Supervisor (Credit) A.Y. Phiri; and Matambazi Society Manager A.N. Tembo).

Other constraining conditions for CCS loans are those of loan limits and guarantors. The scheme does not aim at providing funds to finance all the farmers' requirements. Funds are limited and those members wanting more credit are advised to approach other lending institutions. All members are required to provide guarantors before they can get CCS credit. The guarantors should be two members of the cooperative society with good production records who should also be able to repay the loan obtained by the member they are guaranteeing. Such guarantors are not easy to secure. The General Manager of the Eastern Cooperative Union said at a Provincial CCS Seminar in 1977 that "most loans have been finding it difficult to secure guarantors as one of the means of security" (Eastern Cooperative Union General Manager J.D. Kabala, Report to Cooperative Credit Scheme Seminar, Katete, 22-25 February, 1977). Village headman Nkande, one of the members interviewed, also gave this as the reason why he does not use CCS loans as he is unable to secure two guarantors. The effects of these conditions are two fold: those members needing more credit beyond the CCS limits who are also able to satisfy the APC and commercial banks' conditions can get credit from both CCS and the other sources thereby securing more credit than others; at the same time, those members who can secure guarantors will get CCS Credit while others would not, like Headman Nkande.
The leadership of the cooperative society avoids some of these conditions and have used their powers to secure more credit than others. For instance, eight members who participated in the CCS in 1976 got 48.7 per cent of the total CCS loans issued to the society. The eight members were the board members, one UNIP Ward Official and the Society Manager. The same group of people got fifteen per cent of the CCS loan to the society in the 1981/82 season as compared to 150 randomly selected members, whose credit allocation fell below nine per cent (ECU loans summary sheets for Matambazi MFCS for the CCS, 1976/77 and 1981/82 seasons). Board members burst the CCS loan limits fixed annually. For instance in the 1981/82 season two board members (one being the Chairman) got over K1,300.00 CCS credit each when the loan limits that season were up to K800.00 per member. Contrary to CCS regulations, government employees such as Agricultural Assistants, and ECU employees living in the society area have with connivance of the board members allowed themselves access to CCS loans thereby reducing the credit funds available for members. This problem seemed to be widespread in the Eastern Province to the extent of prompting the ECU Cooperative Development Manager to issue a circular letter to all ECU employees warning them against their participation in CCS loans. "According to the rules of the Scheme," he wrote in October 1984, "no Union employee is entitled to any loan from societies - whether he or she is a member of a Cooperative Society or not. The Scheme is intended to help break the
poverty circle of members who have no means to increase their production because of having no means to do so... If we, who have a reliable source of income go in to share the limited funds with the poor villagers, it means we are not helping them to develop - contrary to our basic objectives as promoters of the cooperative movement" (J.D. Ngwenya, Cooperative Development Manager, ECU, 01.10.84 ECU/CG/23/612).

So far we have established that there exist constraints in the credit procurement system. Members interviewed did not however, voice as much discontent about the amount of credit available as against the delays in getting the credit which they have been allocated. Since the credit is allocated in the form of inputs, it is the late delivery of these inputs which the farmers complained about most. Eight five per cent of the members interviewed named late delivery as the biggest problem encountered in getting inputs. Only twenty nine per cent complained of the credit being inadequate to secure the needed inputs. Seventy two per cent named the non-availability and late delivery of inputs as two of the factors hindering the expansion of agricultural production. A majority, eighty three percent, blamed the failure to increase production on the late delivery of empty grain bags, and fifty one per cent of them named late payment of farmers for produce sold.
When inputs and implements such as empty grain bags, seeds, and fertilizers are delivered late, farmers are paid late, and since the conditions for getting loans are harsh, the effect is not only a failure to increase production, but differences in production and incomes are also created (Kapde 1979, Momba 1982, and Edagwa 1981):

When farmers receive inputs late, they plant and use them late, which results into poor harvest that lead to low farm incomes and poor loan repayments (Edagwa, 1981:14-15).

This is because those who are already economically strong will still be able to plough and plant even when the productive resources are delayed. The late delivery of inputs provided through the CCS, for example, may not affect production by those members of the society who have access to AFC and Commercial bank loans. Eight of the members of Matembazi MPS, mainly those who have other local businesses, receive loans from these two sources. If their average production of maize per year is compared to eight other randomly selected members who rely entirely on CCS loans, high productivity can clearly be seen for the latter group as Table 3.8 below shows.

Table 3.8

<table>
<thead>
<tr>
<th>Year</th>
<th>CCS Only</th>
<th>CCS + BANKS + AFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>45.8</td>
<td>158.1</td>
</tr>
<tr>
<td>1983</td>
<td>49.1</td>
<td>201.8</td>
</tr>
<tr>
<td>1984</td>
<td>77.4</td>
<td>176.5</td>
</tr>
</tbody>
</table>
Extension

The extent to which extension services can be effective in dealing with constraints affecting farmers depends on two important things: the coverage and the type of advice and assistance offered (Marter and Honeybone 1976:19). Multipurpose cooperatives can be important media for agricultural extension and training in that as members find a market for the surplus produce through the societies, they want information on how to improve their productivity. They look to their societies for the arrangement of contacts with agricultural extension officers both for individual consultation and for general agricultural information at membership meetings (Ministry of Rural Development, 1974:68).

However, despite the existence of this extension medium through cooperatives, the bulk of the agricultural extension service in Zambia is provided by the Department of Agriculture in the Ministry of Agriculture and Water Development. Most agricultural extension officers belong to this department and there are no such officers working in the Ministry of Cooperatives, the Provincial Cooperative Unions like ECU or the primary society itself.

Matambazi MPCS is serviced by two agricultural camps, Matambazi and Chikalawa, each of them housing one Agricultural, one Veterinary Assistant and one Female Extension Officer. For a farming population of over one thousand people, this means over five hundred farmers have to be covered by one Agricultural Assistant. By mid-1984, there were only two Veterinary Assistants for a cattle population of over ten thousand head (District Agricultural
Officer for Petauke Mr. Sampa 09.05.85, Harrington Phiri and Flywell Mtonga Veterinary Assistants, 10.05.85). The number of agricultural extension officers is therefore inadequate. This problem is also compounded by the fact that there are very few chances of attending agricultural training courses at the local Petauke district farmers' training centre. Of the ninety five members interviewed, only eleven have been to the centre for training.

The method of extension used by the Agricultural Assistants is that of contact stations where, theoretically, they get in touch with farmers at least once every month. But this approach, used in the hope that innovations can be diffused throughout the community, has been criticized for failing to take into account the resource constraints of the farmers (Marter and Honeybone, 1976:90) and also because the contact farmers tend to benefit more than the others thereby creating differentiation (Momba, 1982:252).

It has also been observed that most of the agricultural production extension programmes concentrate their efforts on larger producers and major commercial crops while neglecting small farmers and local crops of key importance to subsistence families. Very few efforts are made to diagnose the different needs of the clients (Singh 1985:115).

What Marter and Honeybone, and Singh have observed about the use of contact stations or farmers is also true of farmers in Matambazi MPC. The District Agricultural Officer, in trying
to explain how the contact-farmers system works, stated that such farmers are either selected by their fellow farmers or appointed by the Agricultural Assistants themselves. The criteria used usually is that the contact farmers should be people who can easily assimilate new ideas and practice them, they should be people who are commanding respect from fellow farmers so that they are able to organise other farmers and explain new farming techniques to them and they should also have the means of travelling to reach other farmers (Petauke District Agricultural Officer Mr. Sampa, 09.05.85). Such criteria have led to a situation where the contact farmers in the society areas are the relatively wealthy and influential farmers. They are not only the leading crop producers but they are also the eminent persons in the area—they are either local traders, teachers, or village headmen. There were widespread criticisms over the non-appearance of these contact farmers to the small farmer-members. Each time the Agricultural and Veterinary Assistants have visited contact stations, those contacted never make efforts to reach other farmers. This problem is further compounded by the fact that the agricultural officers themselves are largely immobile and rarely visit the contact stations. Table 3.9 below shows the rate of visits by agricultural officers.

Matambazi agricultural camp caters for 3,125 animals (December, 1984). It has one sprayerless tank and eight crush pens. But both the Veterinary Assistant for the camp and the
the cooperative members interviewed stated that there has not been steady treatment of animals since 1983. Whenever any dipping has taken place it has been at the initiative of the cooperative members themselves who donate money for the purchase of drugs through the cooperative society. But due to the erratic nature of this exercise, the Society Manager contended, members have stopped making the donations since it does not seem to serve a useful purpose to treat animals only once in not less than six months. This was also the view of Agricultural Assistants and members under Chikalawa agricultural camp.

Petauke district Agricultural and Veterinary Officers said that the two camps have had no bicycles since 1982 and not even the district office had fuel or reliable motor cycles and vehicles. This has meant no contacts with farmers and that animals continued to die due to lack of drugs for treatment. Lack of contact was also confirmed by the fact that of the members interviewed twenty seven of them did not know the acreage of their fields. Extension services are therefore inadequate both in coverage and type of advice and assistance. The table below shows the percentage of members visited by Agricultural Assistants.
Table 3.2

OFFICIAL VISITS BY EXTENSION OFFICERS

<table>
<thead>
<tr>
<th>Name of Officer</th>
<th>% of Members visited at least once in last six months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Assistant</td>
<td>11.6</td>
</tr>
<tr>
<td>Veterinary Assistant</td>
<td>35.8</td>
</tr>
<tr>
<td>AFC Official</td>
<td>01.00</td>
</tr>
<tr>
<td>Marketing &amp; Cooperative Official</td>
<td>22.10</td>
</tr>
</tbody>
</table>

Thirty per cent of the 95 members interviewed were not visited by extension officers in the six months before the interview.

In concluding the discussion about the distribution of economic resources among the members, it can be said that the following issues seem to have come out. There is enough land for the members of Matamba NPCS. However, there exists a shortage for cultivation which is being compounded by the absence of oxen for ploughing. Hand cultivation is predominant. Farm equipment is scarce and most members are forced to hire even ox-drawn carts for transport. Although credit is available for all members of the society it arrives late, it is not given for wage - labour and farm equipment, and a small section of the members get most of it. And finally agricultural extension is inadequate both in its coverage and type.
A noticeable trend from the above data, however, is that those who have adequate labour, equipment, credit and extension services secure more production than those lacking these resources. For example, the seven committee members, the Society Manager and one Ward Chairman described above are able to secure more credit from the CCS and commercial banks, they own sufficient farm equipment, they are the contact farmers and hence strongly favoured with extension services, and they can afford to hire more labour. Table 3.8 has shown that this group of members produce more than the other members who do not have access to credit other than that secured from the CCS. Even when only CCS credit is considered, those getting more of it produce more than those who get less of it. Table 3.10 shows a comparison of average maize production between 10 members who own more agricultural productive resources such as labour, credit and farm equipment and 10 other randomly selected members who lack or have inadequate such resources. In 1982, the former group produced seven times more maize than the latter. The trend was the same in 1983 while 1984 the latter group could only manage to produce about 18 percent of what the former group was able to produce as can be seen in the table below.
## Table 3.10

**MAIZE PRODUCTION (90KG BAGS) BY 10 MEMBERS OWNING MORE AGRICULTURAL PRODUCTIVE RESOURCES COMPARED TO 10 OTHERS OWNING LESS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Board Members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 1 ward official</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 1 School teacher</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 1 shop owner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Randomly selected cooperative members</td>
<td>33.8</td>
<td>49.6</td>
<td>45.0</td>
<td>4.0</td>
<td>28.92</td>
<td>169.46</td>
<td>21.</td>
</tr>
</tbody>
</table>
### Table 3.10

**MAIZE PRODUCTION (90KG BAGS) BY 10 MEMBERS OWNING MORE AGRICULTURAL PRODUCTIVE RESOURCES COMPARED TO 10 OTHERS OWNING LESS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Board Members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 1 ward official</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 1 School teacher +1 shop owner</td>
<td>246.3 271.4 252.4 8.8</td>
<td>329.36 971.29 1039.96</td>
<td></td>
</tr>
<tr>
<td>10 Randomly selected cooperative members</td>
<td>33.8 49.6 45.0 4.0</td>
<td>28.92 169.46 210.6</td>
<td></td>
</tr>
</tbody>
</table>
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PERSONS INTERVIEWED

Banda, K. ................................................. Chairman of the Board of Directors, Matambazi NPCS, 07.05.85, Society Headquarters.

Kawaza, ........................................................... Cooperative Credit Manager, Eastern Cooperative Union Limited, 13.05.85, Chipata.

Milimbo, A.V. .................................................. District Manager of Sinda District, Eastern Cooperative Union Limited, 09.05.85, Sinda.

Mtonga Flywell, ................................................ Agricultural Assistant, Matambazi Agricultural Camp, Petauke District, 10.05.85, Matambazi Agricultural Camp.

Munkombwe, ................................................... District Marketing and Cooperative Officer, Petauke District, Eastern Province, 09.05.85, Petauke.

Ngwenya, J.D. .................................................. Cooperative Development Manager, Eastern Cooperative Union Limited, 13.05.85, Chipata.

Nkande, .......................................................... Village Headman, Nkande Village, Chief Nyanja, Petauke District, 10.05.85.

Phiri, A.Y. .......................................................... Agricultural Supervisor (Credit), Department of Marketing and Cooperatives, Chipata, 13.05.85.

Phiri Harrington ................................................ Veterinary Assistants, Chikalawe Agricultural Camp, Petauke District, 10.05.85.

Sampa, ........................................................... District Agricultural Officer, Petauke, 05.05.85.

Tembo, A.N. ...................................................... Society Manager, Matambazi NPCS, 05.05.85, Society Headquarters.

Phiri, J.D. .......................................................... Education Secretary, Eastern Province Cooperative Union Limited, Chipata, 13.05.85.
CHAPTER FOUR

4. FACTORS AFFECTING THE PERFORMANCE OF MATAMBAZI MPCS

This chapter discusses the factors affecting the distribution of the agricultural productive resources by the society; an attempt is also made to show the role, if any, played by the society in shaping the present pattern of the distribution of the productive resources among members. The chapter opens with the discussion of the external factors that have constrained the resource-delivery system of the society and thereafter discusses the internal constraints.

Foreign Exchange

The performance of an organisation may be conditioned by elements and constraints in its external environment such as its linkages with suppliers and financiers, and physical infrastructure. An organisation's behaviour will become externally influenced because the organisation must either attend to forces in its environment which provide those resources which are vital to its continued existence (Gross 1964, Pfeffer 1982) or it must contain or adapt to the
physical infrastructural constraints such as those of transportation, ecology and storage which may exert significant impacts upon the organisation's accomplishment of its day-to-day tasks. This seems to be an apt description of the constraints affecting the performance of Matambazi MPCS. Although one of the society's tasks is that of distributing fertilizer, seeds and empty grain bags to its members, the responsibility to procure these from the suppliers has been given to Namboard. The significance of this arrangement is that the performance of the society is dependent on that of Namboard, and constraints affecting Namboard affect the society also.

Un timely arrival of fertilizer and empty grain bags at the rural depots is a result of operational constraints confronting Namboard such as the lack of foreign exchange or the late allocation of it for purposes of making the necessary imports. Providing for the timely arrival of inputs at the depots requires foreign exchange allocations being made in advance. But the availability of foreign exchange for the purchase of imported fertilizer is limited and government authorisation comes very late in the cycle. A team of experts who studied the fertilizer procurement system in Zambia in 1983 concluded that the delays in the allocation of foreign exchange for fertilizer procurement is a "major cause for the untimely arrival of fertilizer at the rural depots, that is, after planting time when fertilizer should have been applied" (NAMD, 1983:62). Widen (1978) also
attributed the serious shortage of farm tools and agricultural implements in Zambia to mounting foreign exchange difficulties.

Namboard has been consistently experiencing foreign exchange problems and this has resulted in the late arrival of the inputs and implements. The Board experiences difficulties in establishing letters of credit because of scarcity of foreign exchange and the requirements of a hundred percent cash cover for imports (MAWD, 1983 and 1985, Namboard Annual Reports 1976-1978). The effect of all this has been failure on the part of Namboard to procure inputs and implements on time. Primary cooperatives such as Matambazi have therefore received the inputs and implements late.

The inability by most cooperative organisations to deliver inputs and implements on time has also been explained by Bardeleden (1973:98) and Lele (1978:36) who both argue that trade channels, improved transportation facilities and better purchasing possibilities are decisively important for better performance, and that some of the external problems faced by cooperative organisations may be completely beyond the control of cooperatives especially those operating at the village level. Timely acquisition and distribution of much needed inputs and implements are difficult for cooperatives, Lele confirms, if these activities are in the hands of other organisations. Matambazi NPCS, like any other cooperative society in Zambia, has no control over the
procurement of inputs and implements in the country as this is
the sole responsibility of Namboard. Bengt Kjeller, a Swedish
International Development Authority (SIDA) Programme Officer,
underwrote this constraint in his letter to the ZCF Chairman
in October 1979 when he said that cooperative societies in
Zambia "can never improve or do better than Namboard as long as
you depend on supply and payment from Namboard" (Kjeller, 1979).

The matter has been made worse by the institutional rivalry
between cooperatives and Namboard. Although cooperative unions
are agents of Namboard in the area of agricultural marketing,
there has been friction between the two apparently for fear of
one grabbing all functions from the other. This friction between
the two institutions, the existence of which the Zambian Prime
Minister Nalumoko Mundaia acknowledged in Parliament early in 1985,
has surfaced in many forms including the deliberate withholding
or delayed marketing of equipment and supplies. "Namboard had
over 1000 grain bags and a lot of tarpaulins (in Southern Pro-
vince) which it was sitting on without releasing them to Coopera-
tive Unions", a member of parliament for Pemba constituency,
Mr. Landson Hantuba told parliament early in 1985. The member
of Parliament charged that although the government had given
ultimatums to Cooperative Unions to haul all maize within a
specified period, it had not given the Unions, through Namboard,
the tools needed to do the job. Instead operational problems,
he contended, between Namboard and Cooperative Unions had resul-
ted into maize being soaked by rains (Zambia Daily Mail,
6th June, 1985).
Another set of constraints present in the external environment of Katambazi MPS is the lack of physical infrastructure: transport and communication facilities, proper storage arrangements and availability of properly spaced marketing places. Foreign exchange difficulties cause delays in the importation of inputs and implements. But this problem is further compounded by a lack of transport at both the national and grassroot levels.

Transport

In his 1974 annual report, Mr. Rajah Kunda, the Chairman of the Namboard complained that congestion at the ports which were being used by Zambia had increased thereby making the movement of goods out of the harbours "uselessly inadequate ... the handling of fertilizer at the ports is a cause for concern and a great deal of the product is damaged there" (Namboard Annual Report and Accounts, 1974). Two years later, Namboard still reported "the usual problems in meeting its transport needs" (Namboard Annual Report 1976:26). According to the Minister of Cooperatives Mr. Justin Mukando, the main transport constraints have been lack of trucks and four-wheel drive vehicles, poor feeder roads and insufficient communication support services. On 26th January, 1985 the Minister told Parliament that the failure to collect agricultural crops and distribute inputs had been caused by lack of tyres, tubes, sacks and tarpaulins in the country (Times of Zambia, 26th January 1985). These same sentiments were repeated in March by the Provincial Marketing and Cooperative Officer.
(PMCO) for Southern Province charging that the poor state of 
feeder roads which had not been graded for the last seven 
years coupled with the continued scarcity of tyres and tubes 
hampered the smooth marketing of produce and distribution of 
inputs in Southern Province (Enock Chalo, PMCO Southern 
Province 21 March 1985). This has also been the position 
of Petauke district for several years (Commercial and Indus-
trial Secretary of Petauke District Council, Kaimbi, Inter-
view on 09.05.85).

Fertilizer distribution, crop marketing and transportation 
within Zambia has also been a big problem. Many Cooperative 
Unions, including the BCO, fail to transport fertilizer to their 
district depots at the time that the maize is purchased and 
hauled out (VACD, 1983:107). A workshop, which discussed the 
 improvement of agricultural extension in Zambia, noted early 
in 1985 that the availability of both rail, road and air 
transport to haul crops and fertilizer for both national and 
international markets constrained marketing and supply operations. 
It concluded that roads and bridges are inadequate, that there 
is a general lack of spares and tyres, and feeder roads are also 
inadequate. Dunlop Zambia Limited has been experiencing serious 
foreign exchange problems which resulted into the company 
 failing to supply enough tyres to haulage trucks contracted by 
Namboard and Cooperative Unions (John McKee, Acting General 
Manager for Dunlop Zambia Limited, September 1984).
On the local level, ECU has never maintained an adequate fleet of vehicles for either transporting produce or distributing agricultural implements and inputs to primary cooperative societies. Although money has always been reserved for the purchasing of small vehicles which are to be used for paying farmers in the villages, the union has experienced difficulties in purchasing the vehicles. For instance, the ECU needed eight Landrovers in the 1978 marketing season in order to service the primary multipurpose cooperative societies with funds required to pay farmers as well as conduct inspections at produce - buying markets, but Rover (Zambia) Limited, the suppliers of the vehicles, was not able to provide the Union with any Landrovers because of "more pressing institutions" (Minutes of the Provincial Credit and Marketing Service Committee 14.07.78, Chipata). Early supply of inputs and implements to members or early conclusion of agricultural produce from them by Katabwadi ECU is dependent on the operational efficiency of the ECU because the society has no transport of its own. But the ECU has its own share of transport problems; and as a result distribution of inputs to members participating in the CCS has been made difficult. Collaboration between Cooperative Credit Supervisory Staff and agricultural extension officers is almost absent and effective cooperative education and training of society members and staff which requires proper organisation, follow-ups and proper care of course-participants at residential courses,
are all hampered by the lack of transport by the ECU, the Department of Marketing and Cooperatives and Matambazi MPCS itself (Pentti Koskinen 1978, J.D. Mazala 1977, B. Genberg 1978, ECU Cooperative Development Department (ECU - CDD), 1985, Annual Report by ECU District Manager for Sinda 1984; Assistant District Manager Hankombo 10.04.85).

Transportation difficulties not only affect Matambazi MPCS as a society, but its members also. Farmers have problems in transporting produce from their farms to the villages and then to the market place, and in transporting inputs from selling centres to their villages and farms. The main mode of transportation is the ox-drawn cart. Most members of the society do not own carts. As indicated above (Table 3.7), thirty nine per cent of the members interviewed during the fieldwork hire carts because they do not have their own. For those who own carts, the problem is still there in the sense that oxen are either unavailable or are sickly due to inadequate veterinary services in Petauke district. Cattle diseases have claimed a lot of animals, which the district veterinary officials have failed to curb due to lack of medicines and transport (Mr. Mbewe, Veterinary Assistant, Matambazi Agricultural Camp, 08.05.85). The effect of this transportation problem is that delays are caused in delivering produce to the market - places which in turn results in delays to close markets, and consequently the risk of produce getting soaked by rains. This
inhibits the farmers from growing more crops. The farmers' lack of transport is made worse by the long distances between markets. In one case, Headman Nkande talked of some farmers being more than ten kilometres from a market (Headman Nkande, Nkande Village, interview on 10.05.85). With this gloomy transport position at the farm-level, distribution of productive resources cannot be expected to be smooth.

Storage

Abbott observed in 1958 that inadequate storage facilities are the cause of heavy losses to farmers in many parts of the world (Abbott 1958:56). Adequate storage facilities seem to be equally necessary in the likely availability of agricultural supplies such as fertilizer:

For an efficient fertilizer marketing system a quick and flexible supply from strategically located wholesale warehouses is essential. This particularly applies if only limited storage is feasible at the retail level and if fertilizer manufacturing plants and ports of arrival are far away from the agricultural areas where the fertilizer is to be used (Mierer and Abbott 1970:66).

The importance of having adequate storage facilities becomes even more prominent in fertilizer importing countries and in areas where an efficient transportation system is lacking. Mierer and Abbott (1970) state that storage capacity requirements are, inter alia, dependent on whether fertilizers are produced in a country or are imported. Where it is imported, the necessary storage and stock-keeping depends on both the
period of the availability of fertilizers in the world market and on the time required to transfer them from the port to the areas where they will be used.

Like Bardeleben (1973) and Lele (1978), Wierer and Abbott give the example of some developing countries where more than a year passes between the placing of an order for fertilizers on the world market and its actual use adding that the fertilizers may be held in storage in the importing country for close to ten months. In such cases, an adequate transportation capacity is important because only "good transport facilities can more than anything else improve fertilizer marketing ... a deficient communications system can be the major handicaps in organizing fertilizer marketing" (Wierer and Abbott 1976:72).

Perhaps what Wierer and Abbott said of developing countries in general could rightly be applicable to Zambia today and the Eastern Province in particular where inadequate storage for both agricultural inputs and produce is proving a constraint. Inadequacy of both temporary and permanent storage facilities constrain marketing operations and the supply of agricultural inputs (MMD 1985). Zambia had, in 1980/83 season, existing covered storage capacity for fertilizer of 136,168 metric tonnes (MT) and yet distribution was 239,650 MT. This meant that only 57 per cent of distributed fertilizer could be stored under covered sheds (MMD, 1984:V). Existing
storage capacity for fertilizer in the Eastern Province in 1984 was only 4,500 MT as compared to the fertilizer distribution of 58,233 MT. This meant a shortfall of 53,733 MT (MAWD, 1984, Table 2.3). And Petauke district had fertilizer storage capacity shortfall of 250 MT at the end of 1984 even after including the new sheds that the Canadian International Development Agency (CIDA) was constructing (MAWD, 1984:60).

A study of the fertilizer sub-sector in Zambia in the middle of 1983 by a team of government economists and fertilizer specialists from the International Fertilizer Development Centre (IFDC), supported the view of Wierer and Abbott that inadequate storage for fertilizer prevents its timely availability to farmers. The team agreed that fertilizer storage was inadequate in quality and quantity: "Lack of appropriate storage facilities contributes to physical and financial losses and inhibits the timely supply of the appropriate quantity and quality of fertilizer to the farmer" (MAWD, 1983:08). Many cooperative unions, including ECU, fail to purchase fertilizer well in advance of the planting season and to transport the fertilizer to their district depots when the maize is purchased and hauled out. This means that regional depots of Namboard are stock-piling the fertilizer until close to planting time. Attempts to move all the fertilizer at planting time result in late delivery to the farms (MAWD, 1983:107-108).

Matambazi MPCS society has no storage sheds either for inputs or produce. The ECU has to transport the fertilizer from
the CIDA - NAMBOARD storage sheds at Petauke to some temporary stands at the society's selling centres. As the ECU Sinda depot which services Matambazi has no storage sheds for fertilizer, all supplies have to be collected from Petauke. Given the ECU transport constraints mentioned above, farmers are unable to get their fertilizer on time. This problem is furthered by a lack of transport to collect the fertilizer from the selling centres. (ECU District Manager for Sinda's Inspection Report for 1984, 24/12/84). Emphasizing the problems, a paper produced in August 1985 by the Cooperative Development Department of ECU stated:

This problem is mainly felt by primary societies. Because of financial constraints, societies have built wooden shelters, thatched with grass in selling centres. Most of these are badly thatched and the walls are not plastered. Fertilizer gets spoilt with water. Thank goodness that fertilizer is sent in inadequate quantities, it is all sold immediately on arrival at the selling centres. Where the demand is not so high, societies have incurred huge losses due to storage problems. Because of poor storage the risk of theft is very high. A lot of inputs, requisites and cash are stolen from these centres. There simply is no security. Watchmen employed by societies to help sales personnel are completely ineffective (ECU-CDD, 1985:10).

Country-wide waste of fertilizer is also caused by cumbersome handling arrangements. Excessive manual handling of the fertilizer bags causes quality deterioration and physical loss at each point in the distribution chain whether the fertilizer is imported or locally produced. The fertilizer study by the MAWD which had been mentioned earlier on revealed that the current system of manual handling of fertilizer in Zambia requires thirty transfers from the
port to the consumer. The distance from the ports is too long and there are so many distribution points through which the fertilizer passes:

Based on accepted standards of 0.5% loss per transfer for mechanically moved fertilizer, an estimated 0.8% loss with each manual transfer can be expected. The 30 manual transfers thus yield an expected minimum 24% physical loss of fertilizer in the system. Additional losses in storage etc. increase the losses to an estimated 30% (MAWD, 1983:07).

This being the case, it is therefore not only that there is a lack of storage for fertilizer at the rural selling centre but that there is also a lot of waste of the fertilizer in the process of moving it from the place of production to the selling centre. This may be more prone to happen since the movement of fertilizer is concentrated in peak periods close to the farming season when everything is rushed. And given the transport constraints by Manboard and the ECU which have been mentioned elsewhere, Matambazi MPCS cannot be held responsible for the late delivery of the agricultural inputs and implements that are required by its farmer-members. Indeed, the same transport constraints have at times caused stoppage in the hauling of produce such as maize and groundnuts. In September 1984 the shortage of diesel in Eastern Province resulted in such a stoppage (Times of Zambia, 06/09/84).

Coordination

Another external factor that constrains the swift procurement and distribution of inputs and implements is the nature of the
organisation of Zambia's marketing and supply system. The system suffers from a multiplicity of agencies being involved in decision-making and in execution of marketing functions.

Two examples will help illustrate this point:

Firstly, fertilizer procurement and distribution. Different institutions are involved in fertilizer selection, production, procurement, pricing, distribution and education. Namboard has, in consultation with the National Fertilizer Committee, the final say over the amount of fertilizers to be imported; it advises on pricing which is done by the MAWD, and is primarily responsible for the storage and distribution of fertilizers throughout Zambia. The Central Supply and Tender Board tenders the fertilizer requirements on behalf of Namboard. The BCZ provide the needed authorization for allocations of foreign exchange essential to the importation of fertilizer, and Commercial Banks provide financing in the form of government guaranteed over-drafts to both Namboard and Cooperative Unions. Contractors such as Contract Haulage and Zambia Railways control the rolling stock which moves the fertilizer from ports to destinations in Zambia. And the Provincial Co-operative Unions such as the ECU have full responsibility for distributing the fertilizer and the procurement of commodities such as maize at the farm level. They purchase maize and supply rural primary co-operative Societies such as Matambazi with tools and farm supplies. The ZCF Finance Services Limited administers the CCS which supplies farmers with credit to buy the fertilizer and seed.
It is this multiplicity of organisations and the complex linkages in the input supply and marketing system which have hindered and made difficult the timely and accurate decision-making necessary for the efficient operation of the system.

There have been resulting breakdown in communication financial flows and the chain of responsibility... Information flows and financial flows essential to fertilizer procurement of imported and locally produced fertilizer often cause untimely delays. The slow process of decision-making and the hindered information and financial flows have all resulted in the system not delivering fertilizer to the farmer in a timely fashion (MAWD, 1983:78).

This is a matter which is beyond the capacity of Matambazi MPCS. It is a matter external to the cooperative society but which has an impact on the society's performance in the field of input acquisition and distribution.

One advantage with a multipurpose cooperative society is that it undertakes a variety of functions. It creates a linkage between the provision of agricultural credit, marketing facilities, and the distribution of inputs. Matambazi participates in CCS which provides credit for the purchase of fertilizer and seed; and the society buys produce on behalf of members thereby creating a linkage between input supply and the provision of marketing services.

CCS activities involve several organisations and government departments. The executive functions are carried out by the cooperative unions and primary societies. The supervisory and
advisory function was the responsibility of the Department of Marketing and Cooperatives until 1982 when ZCF-FS was formed.

Other external bodies connected to CCS operations are the department of Agriculture (DA), through its Agricultural Assistants (AAs) at the local level, which has the function of calculating the value of quantity of input and output, as well as recommending the quantity of input to be financed by credit on the CCS application form and Namboard which plays the important role of providing fertilizer. In order to achieve a smooth functioning of CCS, coordination is necessary between these various organisations whose operations affect CCS.

However, until 1977 there was no coordinating machinery existing between these organisations. It was in that year when a National Agricultural Credit and Marketing Services Committee was set up, chaired by the Director of the Department of Marketing and Cooperatives and had representatives from AFC, Namboard, provincial cooperative unions, commercial banks and the DA. But by 1980, coordination was still a big problem. In that year, these coordination problems were described thus:

The role of Namboard in relation to CCS has been important because of its position in agricultural marketing. Delays in fertilizer distribution and shortages of fertilizer have at times had a negative effect on CCS ... The agricultural extension service is, however, not functioning properly and this has reflected negatively also on its role in relation to CCS. (Consultancy Report, 1980).
The position has not changed to date. AAs are immobile due to critical shortage of transport and hence cannot effectively determine farmers input needs. Institutional rivalry between Namboard and Cooperatives has already been alluded to. There are still delays and shortages in the provision of agricultural inputs by Namboard. This is a big hinderance in the equitable distribution of agricultural resources. Coordination of efforts by all bodies involved is essential.

Internal factors in an organisation like Matambazi KFCS refer to such organisational aspects as goals, structures and processes, human and financial resources and interpersonal relationships. Structure refers to the durable organisational arrangements and the distribution of authority and reporting systems. The participation of staff and the society members (beneficiaries) in decision-making and action, monitoring and feedback of performance, and the use of incentives and authority reflect the organisation processes (Paul, 1980: 103-104). It is argued that inefficiency and inequalities may be created in the resource-delivery system of the cooperative society because of bureaucratic constraints, lack of or poor coordination of efforts by the departments involved, mismanagement, corruption, and autocratic leadership.
Inefficiency and Corruption

An effort has been made above to show the existence of corrupt practices in the management of the society. Remarks are, however, necessary on the question of efficiency and effectiveness.

The poor performance of the society in the distribution of agricultural productive resources can also be attributed to poor investment policies by the society. Mention has already been made that lack of transport and storage facilities by the society have greatly constrained the distribution of inputs and implements. Given this, the efficient use of the society's own capital is of the greatest importance. One would expect this to be done by giving priority to the investment of any surplus funds in productive ventures such as purchase of ox-carts, building storage sheds and generally in making improvements to equipment and storage facilities. The result would be speedier handling of inputs and produce, greater through-put per hour and quicker sales (Paper by the Department for Cooperative Development in Uganda, 1972:202). Unfortunately this has not been the case with Matambazi. For instance, although the society has no transport and storage sheds, it had a share capital in 1981 of K10,885.95. In 1983, share capital rose to K13,301.93, the retained earnings to K80,173.24, and total share-holders interests in the society reached K99,052.52. Net profits of the society have been rising steadily from K9,121.39 in 1981 to K25,491.21 in 1982 and to K33,672.55 in the year 1983 (Society Final Accounts for the
years ending 1981, 1982 and 1983). With this strong cash position, one could expect that effective investments would overcome the transport and storage constraints, and even other farm equipment constraints faced by members. Instead, some annual general meetings are not held and so members have no chance to suggest projects and approve large expenditures. Even when the general meetings are held, accounting information is made in professional style and interpreted verbally so that most members are unable to use the information to point out better investment opportunities. The Cooperative Development Manager for ECU J.D. Ngwenya, was not far from the truth when he wrote following his tour of primary cooperatives in Eastern Province that:

> The few society board members who are in the know have exploited the blindness of the majority. The blind majority are treating the few enlightened ones as Chiefs... the enlightened ones are mainly Chairmen and they have taken advantage of the ignorant majority of members and board members to cover up their practices. They make policies entirely on their own and run societies according to what they feel. The ignorant ones have followed them blindly because they are called Chairmen (Ngwenya, 1982:06).

These undue advantages taken by some board members could be important causes for inequitable distribution of inputs at Matarbazi as headman Chalonibantu claimed.

**Poor Management of the Cooperative Credit Scheme.**

It was mentioned in Chapter Three that Matarbazi MPCS started participating in the CCS in the 1985 and that since then, both the number of members participating and the volume of credit
obtained have been increasing steadily. The CCS is funded by the Swedish International Development Authority (SIDA) and Zambian government (GRZ) as a revolving fund to provide credit to small scale farmers who are members of multipurpose cooperative societies. On the national level, the scheme is administered by the ZCF-FS. Originally, especially since 1977, the Department of Marketing and Cooperatives disbursed CCS funds, as a block loan, through the AFC, but the agency agreement with AFC was terminated in the 1981/82 season and ZCF became the national administrator of the funds.

The terms of credit between the society and the members are many and varied. The credit is granted for seasonal agricultural purposes only and only for crops that are marketed by the ECO. The amount of credit depends upon the size of cultivated land and the credit period is one crop season. Each year an amount of credit per hectare is fixed for each member but generally individual loans should not exceed the value of inputs required for cultivating six hectares. Katambezi has never received credit for ox or tractor hire, labour or small farm implements (ZCF-FS, 1985:03; Midman, 1983; A.N. Tembo, Society Manager, Interview 07.05.85). Security for CCS credit is the borrower's crop and two guarantors who should be "members of the Cooperative society and be credit worthy, or active farmers who deliver their produce through the society" (ZCF-FS, 1985:03). The recovery of credit is done by the stop order system and new
seasonal credit is not allowed if previous credit is not fully repaid. The members must be 16 years old or over and should "be well-known by the board members and the management"
(ZCF-FS, 1985:05).

We have seen in Chapter Three that most members of Matambazi MPCS do not have the means of production like oxen and ploughs to enable them to increase cultivated acreage and production. In this case one would expect the CCS to provide the necessary credit to enable the members to acquire this equipment. But the CCS credit is not given for the purchase of means of production. A better description of this problem is perhaps the one given by the Cooperative Development department of ECU:

Members are complaining as to why this credit cannot be expanded to include ox-hire and labour as they have expanded their farms. Their problem is the means of production. CCS is still stuck to fertilizer and seed. Because of this, some members are frozen for the same number of hectares for many years thereby defeating its own objective of increasing production (CDS-229, 1985: 18-19).

While some members may not increase hectarage and farm incomes due to lack of credit for labour and implements, those who can afford to engage more labour and also have oxen and ploughs will continue to expand production and increase their incomes. For instance the Chairman, the Society Manager and the local ward chairman continue to expand agricultural production because, apart from getting largest shares of CCS credit, they have also got access to AFC and Bank loans. They also have prior access to available fertilizer. The result is
growing socio-economic differences among the society's members.

The matter is made more difficult for some members by the CCS conditions that farmers cannot borrow beyond the loan limits that are set every year. CCS credit is not available for the means of production and is also of a fixed amount annually. This means that members wishing to expand production have to look for alternative sources of credit. But as discussed in Chapter Three, most of the members are unable to qualify for credit from commercial banks and at times even from the AFC. The loan conditions are therefore an hinderance to increased agricultural production. They are also a further source of socio-economic differences in that those who can afford to get credit from other sources will increase production while others cannot.

Chilivunzo and Manyangu (1985) in a study of 200 members of SIDA Livestock Programme for Women groups in Choma and Numbwe observed that credit which is given on a seasonal basis without any grace period before repayment does not enable those getting such credit to generate funds to become self-reliant, but instead makes them perpetual debtors. This is the case with most members of Materbazi. Those interviewed complained of not getting help from CCS credit that would enable them to increase hectarage and production. They said every year they do not retain enough funds to invest in the purchase of oxen, carts, or pay wages for hired labour; the credit only enables them to plough again the following season. CCS credit as noted is seasonal and all is recovered in one season.
This harsh condition is compounded by excessively high repayment requirements. For instance, the recovery requirement is now ninety five per cent or else a member does not qualify for further credit the following season. But given the delays in the distribution of fertilizer and empty grain bags, or perhaps simply unfavourable weather, it is unrealistic to insist on a ninety five per cent recovery rate. Such insistence just increases the number of drop-outs. "Since loans have to be paid seasonally without grace periods" as Chilivumbo and Kanyangwa (1985:29) observed, "women become eternal debtors".

High interest rates have brought new difficulties for farmers. The interest rate keeps growing astronomically and members are required to repay the loan and interest at the time they deliver their produce to the market through the stop-order system. In addition, members have to pay an handling charge of K3.00 when making the application for the loan. Too much is demanded from the farmer in order to get CCS credit, and it is difficult to see how the small-scale farmer is supposed to benefit from it.

Another problem which would create a distortion in the distribution of credit is the question of guarantors and the definition that Board members give to the term "credit-worthy." Under conditions for access to CCS credit it is required that an individual must be credit-worthy and should have two other credit-worthy members of the society as guarantors. The term "credit-worthy" is taken to mean that one is "able to
pay back the debt and by using the credit also be able to increase his production" (ZCF-FS, 1985:03). But there are no precise criteria to assess credit-worthiness. This is left to the society's board of directors to determine. Given the kind of leadership described above, bias in assessing credit-worthiness exists. Further, some members fail to raise the required number of guarantors and so fail to qualify for credit. Headman Nkande, it has been noted, is one such member.

Decision-making over the terms and conditions of the CCS is highly centralised. The linkage between the ZCF-FS, the national administrator of the credit scheme, and Matambazi MPCS is such that the credit is first given to the ECU, which in turn gives the loan to the society. The individual member gets the loan from his society. In order for the ECU to qualify for a loan from CCS, it must agree to follow all the conditions laid down by the ZCF-FS. The same case applies to Matambazi MPCS and the ECU all pay interest at the rate fixed by the ZCF-FS board of directors. All conditions of CCS are determined by ZCF-FS. A primary society or indeed the loanees have no say over the setting of CCS credit terms and conditions. The matter as it stands for all primary cooperatives and the Union in Eastern Province was summarised in August, 1985 thus:
Contact between the Union and ZCF Finance Services is certainly there. But this contact is rather one-sided. The Credit Unit in the Union is just told what to do. They act on instructions from Lusaka. If the Credit Manager is asked "What has caused the rise in interest?", his answer is "Lusaka has said it should be so."

Dialogue that used to exist between ZCF and the Union in administering and putting up rules for Cooperative Credit is no longer there. This is detrimental to CCS administration in future unless ZCF Finance Services intends to administer the scheme up to the farmer like AFC. If it is to properly run under the Cooperative Movement, consultations must be encouraged. Rules must be seen to come from the village rather than from the offices (ECU-CDD, 1985:14).

Decision-making in the determination of the terms and conditions of credit is indeed centralised as Kapde (1979) and Edagwa (1981) argued. The loanee has no voice and it is unlikely that funds given to him under harsh conditions can be of great benefit to him. This was also the view of the Department of Marketing and Cooperatives in its follow-up report of the Block Credit Scheme in 1976 when it remarked that in Eastern Province the loans disbursed amounted to only a small fraction of the produce value of the societies involved, "no positive effect on production could be observed (Department of Marketing and Cooperatives, December, 1976). The same view was also echoed on a national level in 1980, by a Consultancy Report, at the Third National Cooperative Conference held from 17 to 22 August, which observed that "the average amount of CCS credits has become an increasingly marginal means of increasing the production of the individual small holder. There are also indications that CCS has had some negative effects on cooperative marketing, since loanees frequently have attempted to evade deduction for loans received" (Consultancy Report, 1980:11).
In conclusion, it can be stated that the performance of Matambazi MPCS is both externally and internally influenced. Paramount among the external influences are financial, physical infrastructural and coordination constraints. Adequate and timely procurement and distribution of fertilizer and empty grain bags is made difficult by shortages and late release of foreign exchange required by Namboard to import them. There is lack of physical infrastructure such as transport necessary for crop and fertilizer for quick and flexible supplies. The input supply and marketing system also suffers from a multiplicity and complex linkages of agencies which makes coordination difficult. The society itself is a victim of inefficiency, corruption, and centralised decision-making.
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PEOPLE INTERVIEWED

<table>
<thead>
<tr>
<th>Name</th>
<th>Rank</th>
<th>Date of Interview</th>
<th>Place of Interview</th>
</tr>
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<tr>
<td>Banda K.</td>
<td>Society Chairman</td>
<td>07.05.85</td>
<td>Society Headquarters</td>
</tr>
<tr>
<td>Chalonibantu</td>
<td>Village Headman</td>
<td>07.05.85</td>
<td>Chalonibantu Village</td>
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<tr>
<td>Haankombo T.M.</td>
<td>Ass. Dist. Manager</td>
<td>10.04.85</td>
<td>ECU Sinda Depot</td>
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<tr>
<td>Kaimbi F.</td>
<td>Comm. &amp; Indus. Sec.</td>
<td>09.05.85</td>
<td>Petauke D.C.</td>
</tr>
<tr>
<td>Mbewe</td>
<td>Vete. Assistant</td>
<td>09.05.85</td>
<td>Matambazi A.</td>
</tr>
<tr>
<td>Nkande</td>
<td>Village Headman</td>
<td>10.05.85</td>
<td>Nkande Village</td>
</tr>
<tr>
<td>Tembo A.N.</td>
<td>Society Manager</td>
<td>07.05.85</td>
<td>Sec. H/Quarters</td>
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CHAPTER FIVE

5. CONCLUSION

Ozgediz (1983) has argued that in order to achieve better management of public services, action is required to remove structural barriers to efficient management; the improvement of the quality and allocation of human, financial, informational, and physical resources; and the reorientation of the systems and process used for managing these resources. Efforts have to be made therefore, in the area of agricultural administration, to reorient grassroots administration and organisation with a view to delivering a synchronised package of inputs and services to the rural people at the local level. However, despite the avowed intentions of the Zambian government to raise small-farmer productivity and incomes by effectively delivering agricultural productive resources through cooperatives, the case of Matambazi MPCS shows that government policy, structure and processes have constrained the effective administration of the resource-delivery system and general cooperative development; and that these government constraints have been accentuated by inefficiency and maladministration in the cooperative society itself.

In the case of Matambazi MPCS, and this could be true of all primary cooperative societies, there exist problems of
building reliable institutional linkages and management of complimentsaries, to use Ray's (1985:353) terminology, between multiple delivery channels for agricultural productive resources thereby precipitating problems of coordination and integration. The biggest problem being faced by the society is the difficulty of receiving agricultural productive resources from the suppliers at the right time and in the right quantities which the society is supposed to be delivering to the members at the local level. As explained in the preceding chapters, a large number of institutions are involved in activities that are oriented towards the delivery of agricultural inputs and services. This has resulted in the failure by the cooperative society to deliver an appropriate mix of agricultural inputs and services to the target farmers at the village level at the time required. A coordinated approach involving all the institutions is required; policies and activities should be supportive rather than contradictory as is the case between the TCU and UNFPA. The resource-delivery system should not be dependent on several institutions with different planning and timing.

Due to the dispersion of farmers, an effective transport network needs to be worked out to ensure that produce is transported to storage areas before the onset of rains. Zambia's infrastructure is poor and this creates problems in ensuring that even that produce obtainable in areas with bad roads is
collected. The transportation function in the marketing system is performed by private transporters at rates stipulated by the government. The nature of transport pricing results in transporters choosing only those routes which minimise depreciation of their fleet. This problem is further reinforced by lack of spare parts and tyres for motor vehicles and poor maintenance of rural feeder roads. There is need for all organisations in the marketing system to work out a joint transport strategy outlining effective transport rates, at the beginning of the marketing season and working out terms of contracts for transporters; routing of maize loads and other agricultural commodities that coincide in time with maize haulage. Lack of adequate storage capacity at farm and district level means that all produce must be moved to central storage areas before the on-set of rains. A general improvement in road and rail infrastructure is an important solution to problems related to crop haulage and input distribution.

There is also the question of the relationship between ECU and Matambazi MPCS. If the society is to be effectively used as a resource-delivery channel ECU should allocate sufficient resources towards its development, especially if we bear in mind the top-down approach to cooperative formation. Most cooperative societies in Zambia came into being without substantial membership. This necessitates planned efforts on the part of ZCF and Provincial Cooperative Unions to devote
subjected financial and material resources to primary society development. Most unions including ECU have society development funds belonging to primary societies kept in their accounts. In the case of Katambazi MPCs, it would appear that the society's monies in the ECU account are used to improve ECU's liquidity at the expense of the society's development. And yet these funds should be used to provide the infrastructure needed by the society to participate in agricultural marketing.

We have seen in Chapter One that it is the belief of the Zambian Government that Cooperatives can contribute to domestic food production by facilitating improved production by their members. The major means designed by the government for improving productivity by cooperative members are increased seasonal credit, improved means of production and modern agricultural techniques. But we have seen in Chapter Three that most members of Katambazi MPCs have farm-labour and farm-equipment shortages and they do not get credit for purchasing equipment and hiring labour. Agricultural extension is inadequate both in its coverage and type.

If credit is to become an effective stimulant of agricultural production by cooperative members, a number of measures must be taken. It is necessary that financial houses liberalise lending conditions more especially those of the Cooperative Credit Scheme under the ZCF-FS. ZCF-FS must also become innovative in order to allow its scheme to include the provision of
small farmer credit for improved means of production such as oxen, ox-implements and labour. Deductions should not be made for purposes of loan recovery, from cooperative members whose production falls below their credit allocations as this makes the member a perpetual debtor and the member may fail to appreciate the usefulness of credit. The company should establish a system of extension officers who should be actively involved in the society's credit allocation meetings. This would prevent biased allocations of credit as displayed by the loan limit bursts by some board members in Katamabazi MPCS which consequently create differential access to credit. These extension officers should also increase the existing numbers from the Department of Agriculture.

Although the Department of Agriculture has a good network of agricultural camps and officers covering the society's areas of operations, the ability of the agricultural extension workers to reach the farming population has been poor and biased. The major problems arise from inadequate transport and chemicals for animal treatment, and where transport facilities are available the budget allocation for fuel is very small; and because of the use of contact farmers - who are mainly rich and affluent members in the community - most of the small farmers in the villages are not reached. Extension services are biased in favour of more prosperous farmers that are used as contact farmers; and credit facilities seem to serve in the main, the needs of these farmers.
One way out of this problem would be the attachment of the extension officers in the Department of Agriculture to Matambazi MPCs and the ECU depots so that they can utilize the resources available within the cooperative system. Another is for the ECU and Matambazi MPCs to employ their own extension officers. This would secure more coverage. Group demonstrations and individual farmer contact should increasingly replace the contact-farmer strategy which implies a progressive farmer approach in line with the diffusion theory (House and Killick, 1983:58). This may limit discrimination in favour of the prosperous farmers as the case is now.

Although society ineffectiveness and the creation of socio-economic differences among members may be attributed to government policies in the main, organisational arrangements and administrative processes internal to Matambazi MPCs have also played a part. The democratic process through which members of a cooperative society control and direct the affairs of a cooperative society does not seem to be effective and room seems to have been left for inefficiency and corruption. This problem is deepened by bureaucratic constraints.

Annual general meetings are held infrequently although this is the forum where members are supposed to learn the problems facing the society and on this basis be able to control the operations of the society. These meetings should also allow
members to suggest projects and scrutinise plans. This whole process is rare in Katambazi MPCS where leadership is concentrated in the hands of the Chairman and a Society Manager. There is no proper record-keeping, and audit reports, as noted in Chapter Four, continually reveal acts of maladministration. Investment policies are poor. They have not allowed the effective and efficient use of the society's own capital resources to alleviate the infrastructural problems facing it such as purchase of oxen and ox-implements for hire to the members. Shareholders' interests in the society, we saw, stood at K99,052.59 by the end of 1983. All this represents the absence of effective management capacity. There is need for the Ministry of Cooperatives to intensify its supervisory functions, and cooperative education and training. Involvement of members in the planning process is a vital way of encouraging democratic control and directional powers.

This thesis shows that Katambazi MPCS has not effectively administered agricultural development in the Petauke district of Eastern Zambia. This failure has been caused mainly by constraints emanating from unsuitable and inadequate government policies and programmes which have not encouraged developmental effort by the cooperative society. Rather than attempt to overcome these constraints, ineffective management of the society and corruption have accentuated
them resulting in the society's failure to effectively deliver agricultural productive resources and in the furthering of socio-economic inequalities.
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