THE ROLE OF PRIMARY CO-OPERATIVE SOCIETIES IN THE
DEVELOPMENT OF ZAMBIA'S AGRICULTURAL SECTOR

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ABBREVIATIONS

AFC  Agricultural Finance Company
COZ  Credit Organisation of Zambia
CSB  Cold Storage Board
DBZ  Development Bank of Zambia
DPB  Dairy Produce Board
ECA  Economic Commission for Africa
FAO  Food and Agriculture Organisation of The United Nations
FNDD First National Development Plan
GDP  Gross Domestic Product
GNP  Gross National Product
GRZ  Government Republic of Zambia
IDZ  Intensive Development Zones
ILO  International Labour Office
NAM Board  National Agricultural Marketing Board
RDC  Rural Development Corporation
SIDA  Swedish International Development Agency
SNDD Second National Development Plan
TBZ  Tobacco Board of Zambia
TDP  Transitional Development Plan
TNDP Third National Development Plan
ZCF  Zambia Co-operative Federation

Currency Equivalents

Kwacha 1 (K1)  =  100 Ngwee (n)
Kwacha 1  =  US $ 1.25
US $ 1  =  Kwacha 0.8
£ 1  =  Kwacha 1.66

Weights and Measures

0.405 hectares  =  1 acre
1 bag maize  =  90 kg
1 bag groundnuts  =  50 kg
1 bag sunflower  =  50 kg
1 bag fertilizer  =  50 kg
1 bag soybean  =  90 kg
CHAPTER 1

INTRODUCTION

The pace of economic and social progress has been discouragingly slow in Zambia, especially in the agricultural sector. Since Independence, the structure of Zambian agriculture has been characterised by a marked duality between the traditional and the commercial agriculture sectors. A number of strategies has been formulated by the Government to achieve a rapid and steady improvement in living conditions in the underdeveloped areas.

The co-operative approach, so widely endorsed in the developing countries, has been one of the main strategies pursued for agricultural development. The co-operative approach was chosen because it focused on active mass involvement and participation, in contrast to large scale commercial farms which operated on capital intensive lines. The principal problem of the rural areas has been the lack of local organisation capacity. There have been few schools and training centres in the rural areas and therefore the ability of subsistence farmers to manage commercial enterprises and plan ahead is limited. Through co-operative type institutions the Government of Zambia hoped to create local institutions and extract social and economic resources needed for transforming the rural areas.

In the course of its activities in recent years in the field of co-operation, Zambia has witnessed an increasing preoccupation with problems of management and internal administration of co-operatives, both within the Government circle concerned with co-operatives and among co-operative organisations themselves. It is generally accepted that the co-operative movement has both a social and an economic content.
and that the presence of each of these elements is necessary for the healthy and balanced development of co-operative institutions. Operational efficiency must be kept in mind by those responsible for the conduct of co-operatives and co-operative activities. The Zambian Government has reflected these problems where possible in its own programme of work, for example by raising questions of co-operative management and administration for examination and study at technical meetings, training courses and seminars, while at the same time undertaking a number of technical assistance projects where such questions have been major matters requiring attention.

The main objective of this study is to examine the development performance of the agricultural co-operative societies and assess their contribution to, and impact on, the agricultural sector of Zambia. It is hoped to identify the conditions under which co-operation succeeds, so that future development effort can be more effectively channelled.

Data on the co-operative movement as a whole was obtained from the Department of Co-operatives, Ministry of Agriculture and Water Development in Lusaka. Background information on the agricultural and co-operative sector was gathered from reports of previous studies at the University of Zambia Library, Special Collection. This was followed up with interviews and discussions with officials concerned with co-operative administration. The selection of sample co-operatives was stratified to cover all agricultural types and categories of societies. While scrutinising the files in Lusaka, it was observed that almost all the societies could be categorised as either labour-intensive or capital-intensive. Further study of the co-operative files revealed that in both categories there were: active well-functioning societies; societies with declining performance; and
societies which had been liquidated. A purposeful selection of societies was made with assistance from the Department of Co-operatives staff to ensure that all the above-mentioned categories were covered. Questionnaires (appendix 1) were used to collect and compile information at all interview levels. For each society selected for the personal survey the chairman, secretary, treasurer and a few members were interviewed. Where there was a hired manager he was also interviewed.

The thesis begins with a brief description of Zambia and its economy. This highlights Zambia's heavy dependence on the extraction and export of copper and the poorly developed agricultural sector. Although Zambia is a land-locked country, it has a relatively good road railway network to the sea through Zimbabwe, Angola and Tanzania. The climate and soil are suitable for a wide range of agricultural produce. Unlike many developing countries, Zambia has a low population density and a lot of land with good agricultural potential. Yet despite these favourable conditions Zambia continues to be a net importer of food and the standard of living in the rural areas falls far short of that enjoyed by the urban population.

The performance of the co-operative movement must be viewed within the context of the development of Zambia's entire agricultural sector. The dominance of copper mining and the relative unimportance of non-European agriculture during the colonial period left Zambia with a very poorly developed agricultural sector at Independence in 1964. Various Government policies were formulated in the Development Plans to try to remedy this situation. In terms of Government policies, the agricultural sector was given priority in all the plans. The aim of the policies was to narrow the gap between rural and urban incomes and to attain self-sufficiency in basic food crops. The various agricultural incentives provided, the
development schemes which were encouraged and the marketing channels established by the Government to make these policies effective are reviewed in detail. The review of the policies pertaining to the entire agricultural sector is followed by a detailed look at the specific measures adopted by the Government to encourage co-operatives.

Before trying to assess the performance of Zambia's agricultural co-operatives, the general aims and objectives of rural co-operation in developing countries is considered. The economic, social and political arguments for encouraging agricultural co-operatives and the alternatives available to the Governments of developing countries to develop rural sectors are considered.

The benefits and feasibility of co-operatives in developing countries are discussed in relation to subsistence farmers. The potential theoretical benefits and objectives of co-operation are presented with a brief review of the success and failures of co-operatives in other developing countries. Conditions conducive to successful co-operation, such as a favourable social and economic framework within which to operate, are identified.

After examining the potential benefits of co-operation a number of case-studies of Zambian agricultural co-operative societies are investigated. (The resultant information is based on data collected from co-operatives visited over a period of six months in 1980). The agricultural co-operatives can be classified as either labour or capital intensive. For each of the two categories, samples of active, declining and liquidated societies were visited. Performance of the selected co-operatives was determined by factors like total annual output, percentage marketed, services provided and the general condition
of the farm records, machinery, the number of extension workers and impact of expatriate assistance.

A further aim of the field work was to see the co-operative movement from the perspective of the co-operative society members and other individuals involved with the co-operative movement directly or indirectly. The performance of Zambia's co-operative societies is compared with declared Government expectations. Their suitability in Zambia's agricultural sector is discussed and the reasons for success or under achievement are explored using evidence from official reports, past research papers and the case studies. The main features of the relatively successful co-operative societies are studied to identify what facts distinguish them from those societies which have failed. The experience of societies with poor performance is also examined and the fundamental reasons for their decline presented. To determine the reasons for under achievement, factors like regulations and administration, inadequate education and training and lack of supervision are probed. The difficulties faced by re-settlement schemes and farming co-operatives are discussed to see if they can be avoided in future.

After studying the case studies of selected co-operative societies in Zambia and drawing inferences from their performance, a reappraisal of the co-operative movement as an integral part of the agricultural sector is conducted. The present state of the co-operative movement and changes needed to ensure greater success in future are examined. Consideration is given to the role of Government and officials in the development process and to the potential of agricultural co-operatives in the development of the agricultural sector.
The final chapter highlights the main conclusions of the study, and outlines what might be done in future to try to ensure better performance in the agricultural co-operative sector.
CHAPTER 2

BACKGROUND

2.1 Introduction

The Republic of Zambia became constitutionally independent from Britain in October 1964. The economy of Zambia is characterised by a relatively large industrial sector based on the extraction of copper, and the rural agricultural sector. Gross National Product (GNP) which was K420 per capita (US $600) in 1978 had grown since 1970 at 2.7 per cent annually, while that of the agricultural sector had grown by 3 per cent, increasing its share from 11.5 per cent to 16.5 per cent of the total. This increase is more a reflection of the declining activity in the mining sector than of the improvement of agriculture. From 1964 to 1977, the mining sector contributed, on average 35 per cent of GNP, 45 per cent of government revenue and 95 per cent of exports. Earnings had fallen in accordance with deficits registered since 1975 (FAO, World Bank, 1979, p. 2).

Immediately after Independence the government announced a commitment to rural development. Emphasis has been placed on narrowing the gap between rural and urban incomes. The President considered the co-operative movement to be the ideal vehicle for transforming rural Zambia: it could teach the norms and practices of democracy; improve the capacity of villagers to manage their own affairs; produce economic development without inequality and, most important of all, be created easily and quickly. The President said, "I think the spirit of co-operation is inherent in us as a people, and there is very little to teach them in so far as a co-operative approach to life is concerned". (Kaunda, 1980).*

*Personal interview with His Excellency the President of the Republic of Zambia, Dr R.D. Kaunda, State House, Lusaka, 17th August, 1971.
2.2 Physical Environment

Zambia is a land-locked tropical country in Central Africa, situated between 8°50' - 18° South and between longitudes 22° - 33° 50' East. The total land area is 750,000 square kilometres with a population of approximately 5.6 million people. Zambia has a common border with eight independent nations (see Fig. 2.1). Physical relief consists of a series of gently undulating, to flat or low range of resistant rock. The altitude varies from 900m in the west to 1500 metres in the north-east. River gradients are low, with several swamp areas and flood plains. Zambia lies mainly on the interior African high plateau, which developed on the old rock and is rich in minerals, but has rather infertile soils which to some extent limit the base for productive farming. Good soils are mainly restricted to parts of the Central, Southern and Eastern Provinces. Moreover, a significant share of this land, except in Eastern Province was, and to a large extent still is, occupied by large commercial estates. The lack of high quality soils is somewhat compensated for by the fact that Zambia can count on a reliable 4 - 5 month rainy season in most parts of the country.

The climate of Zambia is a modified three seasonal type, - a warm, wet season from November to April, a cool, dry season from April to August, and a dry season from August to November. The rainfall is the most important element in the changing seasons and imposes a strong rhythm on the rural population. For the subsistence farmers, cultivation is concentrated in the rainy season, while the long dry season is a period of dependence on stored crops. Mean annual rainfall tends to increase from the south towards the north and north-west of the country, from 700mm to 1400mm. The highest rainfall in the north would occur in January. The Northern High Rainfall Zone, i.e., major parts of Northern,
Luapula Copperbelt and North-Western Provinces, (see Fig. 2.1) is less favourable to the optimum production of crops such as maize, cotton and tobacco. The high-potential soils are estimated to cover only 1 per cent of the area, but there exist good possibilities for irrigation, particularly in Luapula and parts of Northern Province, and hence possibilities for horticultural production. This zone is also suitable for the production of timber and provincial tree crops. The Tse-Tse fly occurs throughout most of Luapula and North-Western as well as much of Northern Province (see Fig. 2.1), and this limits cattle production severely. However, cultivation using ox-power exists in areas bordering Tanzania and Malawi, which is Tse-Tse free.

The Western Semi-Arid Plains (mostly of Western Province and Zambezi District (see Fig. 2.1) have rainfall decreasing from 1000mm to 500mm in the south. The majority of the soils are only suitable for grazing, except for some fertile sands at the edges of the plains and valleys which can support permanent agriculture. The area is Tse-Tse fly free, and thus a cattle economy has evolved in combination with semi-permanent hoe cultivation. The Central, Southern and Eastern Plateaux contain the most fertile soils in Zambia, being less leached than in the northern soils. This area is well-suited to a large variety of crops, including maize, tobacco and cotton, as well as beef production. The agricultural systems that have developed are largely based on regular oxen- or tractor-power cultivation. This area produces most of the marketed food and has a well-developed small-holder economy (as well as containing all the large estates) and the infrastructure is better developed here than in other regions.

The Luangwa, Zambezi Rift Valley along the Luangwa and lower Zambezi below Livingstone has a hot, humid climate during most of the year, and some good valley soils. The area is, however, of minor significance for
agricultural production. Zambia has a good drainage network; it is drained by parts of two of Africa's major river systems, the Zambezi and the Congo. The Kafue river is a tributary of the Zambezi. Woodland type vegetation is predominant, true forests being confined to a few areas in the north and west of the country.

2.3 Population

According to available data, the population of Zambia is about 5.6 million. (The 1980 census results are not yet published). Zambia is one of the most urbanised countries in Africa with 40 per cent of its population residing either in towns or cities. Population growth has increased from an average of 2.5 per cent per annum between 1963 and 1969, to over 3 per cent since 1970, with about 7 per cent urban growth in the more developed Central and Copperbelt Provinces, as a result of migration from other provinces where annual growth has been one per cent (FAO/World Bank, 1979, p. 2). This increased growth rate implies that the population is likely to double within the next twenty-five years. In rural areas a population density of four per square kilometre is usual, and there are vast areas of under-developed land with relatively low populations (Zambia Survey, 1975, p. 15). Zambia's labour force at present stands at 1.69 million, and is expected to rise to 1.96 million by 1983 (Government of Zambia, 1979, p. 56). Of this 1.96 million, there will be an estimated 468,000 in wage-earning jobs, leaving a balance of 1.5 million self-employed or unemployed. The Government plans to use the potential "rural army of these self-employed for increased agricultural production" (Kamulasipili, M., 1979).
2.4 Land Tenure

Land tenure is either statutory (State land), or tribal/communal (Reserve or Trust land). The basic characteristic of all the traditional land tenure systems is that land belongs to the community (tribe or village) with qualified ownership by individuals, for example, recognition of birth rights in the land with no sale or purchase of land occurring.

There are various kinds of individual ownership with respect to cultivated land, but this never extends to land used for grazing, fishing or collecting firewood. The local chief exercises jurisdiction over land in case of disputes. In principle the chief allots land, but in practice people settle wherever land is available, often without first consulting their chief, though it is courteous and common practice for chiefs to be told of new villages and settlement areas. The chief is the recognised custodian of tribal land, but he does not own the land. Under normal circumstances, once a plot of land has been allocated it cannot subsequently be taken away from the recipient.

Depending on whether the tribe is matrilineal or patrilineal the land belongs to the wife or husband respectively. In a matrilineal society, for example, the Kunda tribe in Eastern Province, the man as head of his family can decide what to cultivate on his plots of land, but the land belongs to his wife and children. Should a marriage break up, the man has no claim to the land he used to till. All adult matrilineal relatives in a village are entitled to the same rights over the village land, subject to individual rights. Questions of morality and natural justice are the major guiding factors in the administration of land in the Kunda Society (Nyangwe, C.O.M., 1976, pp. 52 - 53).
With the exception of a few areas, Zambia is not plagued by the acute population pressure or fragmentation which prevailed in many other African countries prior to land consolidation. Unfortunately, the exceptions (Central and Southern Provinces) tend to be those areas with greatest potential for development, both in terms of soils and environment, and in people's readiness for change (Sakala, R. 1976, p. 49).

Devising a policy on land tenure has been a delicate, political matter which is, as yet, unresolved. A Land Commission was set up in 1967 but its findings were never accepted or made public. One issue in the Referenda of 1969 was the unacceptability of having expatriates owning land in perpetuity, as had been safeguarded in the constitution. The Land Acquisition Act which followed, aimed principally at dispossessing absentee landlords. The economic reforms announced by President Kaunda and resolved by the National Council, made specific reference to land; all freehold title was abolished and replaced by 100 year leases (Davies, J. 1976, p. 15). All unutilized land was taken over by the state. As pointed out by the farmers, the change was academic because 100 years ago there was no title to the land in Zambia anyway. Many details were unclear, especially on the implementation of the transfers and compensation for improvements which had been carried out. The consequent uncertainty generated among commercial farmers, whose land had already depreciated markedly in value since Independence, increased their lack of confidence in the future and many left the country.

2.4.1 Land categories

The land in Zambia falls into five main categories: (Table 2.1) state land vested in the President; reserve and trust lands which are under customary law; national parks; lakes; and forests.
Table 2.1 Land Categories in Zambia

<table>
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<tr>
<th>Category</th>
<th>Sq. km</th>
<th>Percentage of total</th>
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<tr>
<td>State land</td>
<td>25,648</td>
<td>3.4</td>
</tr>
<tr>
<td>Land under customary law</td>
<td>596,416</td>
<td>78.6</td>
</tr>
<tr>
<td>Forest estates</td>
<td>61,944</td>
<td>8.5</td>
</tr>
<tr>
<td>Lake</td>
<td>9,239</td>
<td>1.3</td>
</tr>
<tr>
<td>National parks</td>
<td>59,353</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>752,600</td>
<td>100</td>
</tr>
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(Source: Compiled from Schultz, 1976, p. 136).

State Land

The distribution of farmed State Land follows the line-of-rail. In addition, a few smaller areas on the Eastern Plateau belong to this category. The farms are run by some 750 private commercial farmers (mostly expatriates). They produce 50 per cent of the marketed food in Zambia. The picture has been altered slightly in recent years, with Zambians taking a greater interest in commercial farming. The main cash-crops grown are maize followed by Virginia flue-cured tobacco, sugar cane, beef and milk. The prominent position of State Land farming is evident when it is considered that over 50 per cent of all the marketed production is derived from 2 per cent of Zambia's surface area. (State Land in Table 2.1, includes urban areas). The marketed contribution of commercial farmers becomes even more remarkable when related to crop land and the number of farming households—both comprise less than 1 per cent of the corresponding Zambian totals.
Land under customary law

Traditional land-use encompasses the subsistence farming practices based on local farming traditions. The incidence of subsistence farmers was estimated to be 71 per cent in 1974 (Central Statistic Office, 1975), and although there are no official figures available, it is estimated that over 60 per cent of Zambia's population derived a living from subsistence agriculture in 1980. The economic activities of the people are embedded in the social structure of their society, so that it is difficult to isolate an economic system from the all-embracing social control of the society. The subsistence farmer lives far from the line-of-rail and, therefore, far from good transport facilities and markets. Despite their relatively small share of domestic marketed production, subsistence farmers account for a large share of total production, estimated at 85 per cent of all production in the rural areas (World Bank, September, 1977).

Between the commercial farmers and the subsistence farmers is a group of 'up-coming' farmers known in Zambia as "Emergent Farmers". The definition of an emergent farmer is "one who sells between 50 and 100 per cent by value, of his total production and practices some or all the improved technology", characteristic of commercial farmers. Their scale of production is too small to be ranked with that of commercial farmers (Roberts and Elliot, 1971 p. 269). The emergent farmers have sufficient skill to grow maize or groundnuts in considerable quantities, cultivating up to 50 ha each. They provide their own seed and apply only limited quantities of fertilizer for which credit is usually available. It is difficult to know their exact number, but it is estimated to be between 4,000 and 6,000. It has been estimated that their contribution to total marketed production was 18 per cent in 1974 (Government of Zambia, 1979, p. 141).
2.5 Crops and Livestock

Maize

Maize is the staple food and is grown throughout Zambia, taking up at least 10 - 25 per cent of the farm area. About two-thirds of the marketed maize crop is grown by a small number of commercial farmers, whereas the remaining one-third is marketed in relatively limited quantities by tens of thousands of small farmers. On the subsistence farming level over 90 per cent of production is retained for personal consumption. The percentage of total maize production retained for subsistence is less for emergent farmers and many commercial farmers market 100 per cent of their maize output. The estimated area under maize cultivation is 366,000 ha (Government of Zambia, 1980, p. 15).

Sorghum

At present the main areas of sorghum distribution are found on the North-Western Plateau and along the banks of the middle course of the Zambezi (see Fig. 2.1). Here sorghum accounts for up to 75 per cent of the acreage on some of the holdings. The estimated area under sorghum cultivation is 12,000 ha (Government of Zambia, 1980, p. 15).

Cassava

Cassava is the main food crop grown on many farms in the Northern area, the Luangwa Valley in the North-Eastern Zambia and the broad strip of land along the border with Zaire in North-Western Zambia. Total area under cultivation is unknown.

Groundnuts and Cotton

Groundnuts are traditionally grown by small farmers, principally in the Eastern Province and a few minor areas in Kaoma, Lusaka and Northern Province. Groundnuts are usually cultivated as a complementary crop
with maize or sorghum in the same field. Cotton is not grown on a large scale and the only area of significance is south west of the Copperbelt. There are patches of cotton grown by small scale farmers in Eastern and Southern Provinces. There is an estimated 24,000 ha of groundnuts and 30,000 ha of cotton (Government of Zambia, 1980, p. 15).

Tobacco

The two major varieties of tobacco grown in Zambia are Virginia and Burley. Burley tobacco is grown in the Eastern, Southern and Central Provinces. Virginia (flue cured) tobacco is grown commercially in Central and Eastern Provinces and on the one acre tobacco family farming schemes in Southern Province. Tobacco production in Zambia has declined steadily since Independence because of rising production costs and poor producer prices (Industrial Zambia, February, 1980). The total area under tobacco cultivation is not known but the total market output in 1978 was 3,679 tonnes of Virginia tobacco and 264 tonnes of Burley tobacco.

Sugar cane

The commercial production of sugar cane is concentrated almost entirely in the Mazabuka District in Southern Province in the Mahambala Sugar Estate. Small quantities of sugar cane for raw consumption are grown in all provinces. The total marketed output in 1978 was 691,369 tonnes.

Livestock

There is a concentration of cattle, goats and some poultry in the Western Province along the Zambezi flood plains. In the Southern, Central and Eastern Provinces, there is a high cattle population in areas with good soils and almost all the commercial beef production comes from these three provinces. Most of the dairy farms are located around the line-of-rail from the Copperbelt to Southern Province. Total cattle number about 871,658 (Table 2.2).
Table 2.2 Livestock Population 1979

<table>
<thead>
<tr>
<th>Sector</th>
<th>Bulls</th>
<th>Cows and Heifers</th>
<th>Calves</th>
<th>Total Cattle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Sector</td>
<td>12,300</td>
<td>351,309</td>
<td>134,248</td>
<td>720,657</td>
</tr>
<tr>
<td>Commercial Sector</td>
<td>4,866</td>
<td>85,732</td>
<td>37,521</td>
<td>150,999</td>
</tr>
<tr>
<td>Total</td>
<td>17,166</td>
<td>437,041</td>
<td>171,769</td>
<td>871,656</td>
</tr>
</tbody>
</table>

(Source: Compiled from FAO, World Bank Report, 1979)

2.6 Imports and Exports

The increases in agricultural production since Independence have been moderate but erratic even after taking account of annual variations in the weather. Despite the relatively large areas of land suitable for crops and livestock, Zambia is a net food importer. Copper is the only major export commodity and Zambia relies on copper export earnings for its foreign exchange. The adverse conditions in the copper mining industry, due to low international prices for copper in the 1970's, has had a direct impact on the general performance of the entire economy and Zambia's purchasing power in international markets.

Zambia imports food to the value of K45 - 50 million annually of which K7 - 10 million is spent on oils and fats and K4 - 6 million on beef. Zambia used to be self-sufficient in staple foods, especially maize, and as recently as 1976 there was a surplus for export. In 1979, however, production was very low and Zambia had to import about 115,800 MT of maize from South Africa and elsewhere in the world market (FAO Yearbook, 1979).
### Table 2.3 Imports and Exports in Zambia 1977 - 1979

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>80</td>
<td>1,179</td>
<td>2,000</td>
<td>4,460</td>
<td>9,245</td>
<td>-</td>
</tr>
<tr>
<td>Cereals (a)</td>
<td>13,770</td>
<td>13,491</td>
<td>36,900</td>
<td>-</td>
<td>79</td>
<td>-</td>
</tr>
<tr>
<td>Tobacco</td>
<td>42</td>
<td>-</td>
<td>-</td>
<td>7,333</td>
<td>4,638</td>
<td>4,450</td>
</tr>
<tr>
<td>Meat</td>
<td>50</td>
<td>553</td>
<td>-</td>
<td>181</td>
<td>78</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>24,816</td>
<td>12,563</td>
<td>30,450</td>
<td>2,198</td>
<td>1,368</td>
<td>620</td>
</tr>
<tr>
<td>Agricultural Machinery</td>
<td>6,344</td>
<td>13,566</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Agricultural Products</td>
<td>45,102</td>
<td>41,352</td>
<td>73,350</td>
<td>14,172</td>
<td>15,408</td>
<td>5,070</td>
</tr>
<tr>
<td>Minerals</td>
<td>626,426</td>
<td>588,648</td>
<td>-</td>
<td>884,242</td>
<td>69,892</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET TOTAL</strong></td>
<td><strong>671,528</strong></td>
<td><strong>630,000</strong></td>
<td>-</td>
<td><strong>898,414</strong></td>
<td><strong>85,300</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

(a) Cereals other than maize

(Source: Compiled from FAO Trade Yearbook, 1979)

#### 2.7 The Industrial Sector

The Zambian economy is characterised by extreme dualism between an urban oriented modern sector, located mainly on the line-of-rail, and dominated by copper mining, and the rural agricultural sector.

The urban sector is split between a formal and an informal sector and in general, the former consists of larger more modern capital intensive firms unaffected by union and political pressures. In the informal sector wages are estimated to be less than 40 per cent of the average modern sector wage (World Bank, September, 1977, p. (i)). Rapid growth of the urban population combined with relatively low expansion of urban employment
The contribution of the manufacturing sector to the GDP has increased from 6.7 per cent in 1965 to 10.8 per cent in 1976 (Table 2.3). The agricultural sector has also increased but only by 0.6 per cent. Although the contribution of the mining sector to the GDP has fallen by over 40 per cent, it is still the dominant sector in Zambia's economy.

Table 2.4 Sectoral Composition of Gross Domestic Product

<table>
<thead>
<tr>
<th>Year</th>
<th>Mining and Quarrying</th>
<th>Agriculture</th>
<th>Manufacturing</th>
<th>Material Service</th>
<th>Unproductive Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>41.0</td>
<td>13.7</td>
<td>6.7</td>
<td>23.0</td>
<td>13.5</td>
</tr>
<tr>
<td>1970</td>
<td>28.3</td>
<td>15.1</td>
<td>11.0</td>
<td>23.4</td>
<td>21.6</td>
</tr>
<tr>
<td>1971</td>
<td>24.1</td>
<td>14.0</td>
<td>10.2</td>
<td>25.9</td>
<td>24.7</td>
</tr>
<tr>
<td>1976</td>
<td>23.3</td>
<td>14.3</td>
<td>10.8</td>
<td>26.7</td>
<td>24.5</td>
</tr>
</tbody>
</table>


Mining

The mining industry, and in particular copper-mining, occupies the most crucial place in Zambia's economy. The Zambian economy was historically geared to copper production and export - agricultural development was something of an afterthought. Not until recently has the vulnerability of dependence on copper been dramatically realised as copper prices collapsed. The nation was directed to grow more food and to reduce food import bills. Until recently the mining sector's contribution to the total paid employment and government revenues has averaged about 50 per cent and in 1976 copper accounted for 97.8 per cent of the country's foreign exchange earnings and contributed 23 per cent to the GDP (Government of Zambia, 1979 p. 133). The importance of the copper industry is twofold: as a job provider and as a resource provider. The funds from copper exports are of utmost importance for financing agricultural development.
has resulted in a marked growth of the informal sector employment which is now estimated to account for 20 per cent of the urban labour force.

Public sector undertakings in Zambia fall into two main categories. One category consists of boards and corporations which have been set up by Parliamentary Statute and wholly owned by the Government. These boards and corporations provide services mainly in the agricultural and transportation sectors. The second category of parastatal organisations consists of government controlled companies set up under the Companies Act. Parastatal Organisations are an important part of Zambia's economy, providing overall employment to around 140,000 employees or 30 per cent of the national work force in formal employment (Government of Zambia, 1979, p. 213). According to the International Labour Office Report of 1977, industrial development generated much less employment than had been hoped for. There has, for example, been little success in promoting small-scale industries in rural areas and the benefits of manufacturing expansion on the whole have not percolated down to these areas.

The industries established since 1964 have been directed almost entirely towards the production of intermediate goods or consumer goods, while the development of the capital goods sector has been very slow.

Zambia inherited the textbook case of colonial dependencies on foreign capital, foreign expertise and foreign trade links based on a mono-culture of copper. The import-substituting industries have not been very encouraging as they were set up without due consideration for the import implications of the raw materials and intermediate inputs. Much manufacturing development in Zambia has been largely capital intensive, urban-located and orientated towards production of luxury goods (ILO, 1977).
Summary

Zambia is a landlocked country of Central Africa, with a total land area of 746,000 km$^2$ and a population of 5.6 million. The climate is a modified three-season type with a warm wet summer, a cool dry winter and a hot dry summer. The predominant vegetation type is woodland, true forest being confined to a few areas in the north and west of the country. Soils of high potential for cultivation are widespread only in Southern and Central Provinces and in the eastern half of Eastern Province. The climate and the soils (except for the swamps and Barotse sands) permit the cultivation of most tropical and sub-tropical crops. The traditional agricultural systems are based on cultivation of maize and groundnuts.

While copper provides more than 90 per cent of domestic exports, about 40 per cent of net domestic products and up to 25 per cent of government revenue, its contribution to paid employment is only about 13 per cent. Agriculture provides the livelihood of about 60 per cent of the population, with most of the production being absorbed by domestic consumption; exports of tobacco, groundnuts and other agricultural produce accounts for less than 2 per cent of export earnings. The difficulty of transforming subsistence agriculture into commercial farming is one of Zambia's main problems. After providing a brief description of Zambia in this chapter, Chapter 3 looks at the development of the agricultural sector in detail.
CHAPTER 3

DEVELOPMENT OF THE AGRICULTURAL SECTOR IN ZAMBIA

3.1 Introduction

As mentioned in Chapter 2, at Independence Zambia's Government was faced with the task of balancing a lopsided and export urban-biased economy. The predominance of copper-mining and the relative unimportance of agriculture in the economy had made Zambia one of the most urbanised countries in Africa. At Independence the two bases of the colonial rule were economic development in the copper industry and European type agriculture based on the favourable line-of-rail (Copperbelt, Central and Southern Provinces), en route to Zimbabwe and South-Africa. The most important markets are found here and the infrastructure is better developed in this area than elsewhere in Zambia. Farmers in these areas have advantages over the majority of the rural population, who live in places remote from the major markets. The outlying rural areas import from rather than export to, the line-of-rail (Maclean, 1966). There is a new line-of-rail from Kapiri Mposhi in Central Province passing through the Northern Province to Dar-es-salam (Tan-Zam Rail), built recently with aid from the Chinese Government. The Tan-Zam railway has not yet stimulated the agricultural industry as much as had been hoped.

The past two or three years have been crisis years for the Zambian economy. Due to the pause in the recovery of the world economy after the recession of the mid-1970's, the anticipated rise in copper prices failed to materialise. The foreign exchange situation continued to be critical and was a major constraint on domestic economic growth. The provisional estimates of GDP for 1977 suggest a decline in real terms of 4 per cent from 1976 levels. On the other hand, consumer prices for low income groups which had risen by 10.2 per cent in 1975 and 19.3 per cent in 1976, are
estimated to have registered a further increase of 20 per cent in 1977 (Government of Zambia, 1979, p. 18). The Government tried to meet the situation by tightening fiscal and monetary discipline and through exchange rate adjustments, steps were taken to restrain the growth of recurrent expenditures and reduce the level of subsidies. Measures were also taken to restrain growth of domestic credit expansion. More significantly, adjustments were made in the foreign exchange rate of the Kwacha, which has been devalued twice in two years, by 20 per cent in July 1976, and a further 10 per cent in March 1978. This was done primarily to restore the profitability of the mining industry and ensure the competitiveness of the country's exports in the world market. Given the current foreign exchange situation, as reflected in mounting balance of payment arrears, assistance had to be sought from IMF and other multilateral institutions, as well as from friendly countries. In short, the recent economic crisis has served to bring to the fore the basic fact that the country's economic malaise is far deeper than that which can be attributed to the collapse in copper prices.

The disruption of traditional supply routes due to political situations in neighbouring countries has also cost Zambia heavily in terms of human and material resources. The country is land-locked and has the tremendous task of exporting heavy metal ore, and importing heavy materials into a country with eight borders and which is some 1,500 km from the west or East coasts of the continent. The adverse effect of political problems and disturbances in the neighbouring countries of Zaire, Angola, Mozambique and Zimbabwe have been very pervasive.

3.2 Economic and Manpower Development

Skilled and educated manpower is Zambia's scarcest resource. The UN Economic Survey Mission in 1964 also stated that Zambia was one of the least educated countries in a most under-educated continent.
Independence. In 1963, there were under 100 Zambian graduates (Jolly, R., 1971). Scarcity of skilled manpower can act as a powerful inhabitant on economic development. Yet at the same time the rate of economic growth in Zambia was exceptionally rapid, not only in comparison with earlier periods in Zambia but in comparison with growth rates achieved in other African countries.

The result of the combining of too little skill with too much capital from the mining sector showed itself in wasteful use of raw materials, inadequate maintenance and repair of capital, excessive imports, neglected entrepreneurial opportunities and poorly cultivated land. The most striking result of all has perhaps been the waste of trucks, tractors and agricultural equipment destroyed or damaged by unskilled operation and inadequate maintenance. The rural areas received fewer and lower quality extension and other staff than the towns. The result was that in comparison to urban developments, rural projects and programmes, were in size and number slower to start, took longer to implement, and were often severely delayed before completion. Skilled manpower was not on the whole available to fill the vacant posts created by the exodus of expatriates, semi-skilled labour was thus often used as a short-term measure. This short-term measure did not always yield results which were in the interests of the nation's economic development. Structural change was not fully achieved and thus some of the basic ills remain. Even after 16 years of Independence, Zambia still depends on copper as the main source of wealth, though it is true that Zambia's copper resources may last well beyond the year 2,000 A.D., it will take much more than mining copper to achieve economic and manpower development.

The lack of development in the rural areas initially appears somewhat surprising for two reasons. Firstly, the government has indicated a high priority for rural development in all the successive development
plans since Independence. Secondly, until quite recently the Zambian Government had substantial funds, chiefly from copper exports which could provide the necessary funds for development.

3.3 Government Policies for Agricultural Development

In terms of government policies the agricultural sector has been given priority in all the development plans since Independence. The policies within the agricultural sector have remained unaltered viz; emphasis has been placed on narrowing the gap between rural and urban incomes, attaining sufficiency in basic food crops, diversifying and increasing production for export and improving nutritional standards.


The UN report essentially proposed a programme to redress the neglect of almost every sector of the Northern Rhodesian economy during the Federation period, and to diversify the economy away from its extreme dependence on the copper industry. There was now both the political freedom and the revenue to do so. The mission did not set the priorities, but asked the Government to indicate its political objectives.
The objectives listed by the Government were:

1. to increase employment;
2. to raise living standards;
3. to achieve greater equality between town and country, rich and poor, European and Africans;
4. to achieve Zambianization and Africanization and educational advance on the broad front (UN/ECA/FAO, 1954, p. 13).

The Seers Report sketched a sector plan for the years up to 1970. It called for a doubling of the expenditure on commercial agriculture from K20 million in 1965 to K40 million in 1970. Subsistence agriculture was to increase from an estimated K54 million in 1965 to K62 million in 1970, a rise of only 15 per cent. The value of marketed gross output of African agriculture was to increase from an estimated K11.8 million in 1965 to K32.4 million in 1970, whereas the gross output of European Agriculture was projected to increase from K17 million in 1965 to only K24.4 million in 1970. The plan called for government capital investment of K378 million during the 1965-1970 period, of which K40 million would be spent on agriculture, 14.3 per cent of the total budget.

No attempt was made in the Seers Report to allocate the proposed expenditure on agriculture by function or programme. Instead, a general discussion of the problems in the agricultural sector was presented with recommendations on land reform, settlement and resettlement schemes, credit, marketing, mechanization, fertilizer, cattle ranching units and education and training.

Transitional Development Plan 1965-1966 (TDP)

The first plan prepared by the Central Planning Unit was the Transitional Development Plan, which covered 18 months from the beginning of 1965 to mid-1966 when the four-year First National Development Plan commenced.
The TDP was based on the Government's objectives which were to maximise the rate of production growth, to distribute incomes more evenly and to diversify the economic base of the country. To achieve these objectives it was decided to increase government capital expenditure by £15 million, to be spread over three years because of the limited absorptive capacity of the economy. Twenty-two per cent of the total planned investment was allocated to the agricultural sector, however, there seem to be no detailed statements of actual expenditure during the period of the plan.

The general objectives of the agricultural sector were:

1. to increase the rate of integration of rural families into the cash economy;
2. to decrease the disparity between rural and urban standards of living;
3. to increase the levels of self-sufficiency and exports of agricultural products.

(Zambia Central Planning Office, 1965).

Other objectives added during the course of the plan were:

(i) the rapid formation of co-operative societies to spearhead rural economic development and to involve individuals directly in the implementation of the TDP;
(ii) an increase in the production of cash crops, specifically ground-nuts, cotton, milk and beef and the equating of maize production with domestic demand.

(Dixon, C.L., 1977, p. 20).

The number of co-operative societies increased rapidly after their new policy was introduced. However, total membership did not increase as rapidly, thus the policy objective was only partly achieved (Table 3.1).
### Table 3.1 Co-operative Development 1964 - 1966

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of co-operative societies</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>130</td>
<td>22,677</td>
</tr>
<tr>
<td>1966</td>
<td>411</td>
<td>29,354</td>
</tr>
</tbody>
</table>

Adopted from Lombard and Tweedie, 1972.

**First National Development Plan 1966 - 1970/1 (FNDP)**

The First National Development Plan (FNDP) which was designed to cover the period 1966-1970 specified eight main objectives: These, together with those of the earlier plan, included:

(i) maintenance of price stability;

(ii) absolute targets for increase in employment and GDP;

(iii) a rapid increase in the general level of education and in general standards of living.

In this plan the agricultural sector was emphasised more strongly as the key to attaining the country's development goals, yet agricultural investment was reduced to just over 8 per cent of total investment.

The overall poor performance of the agricultural sector during the FNDP period measured by both the plan targets and the relative performance of the other sectors was documented in the introductory section of the Second National Development Plan Report, published in 1971. The Report stated that the overall rate of growth of the economy during the FNDP period had been satisfactory, to a large extent because high copper
prices had prevailed and real GDP had increased by 83 per cent with an average annual rate of 10.6 per cent. This increase compared quite favourably with the planned increase in FNDP of 11.7 per cent per annum.

In contrast, the performance of the agricultural sector from 1965 to 1970 was disappointing. The actual growth had been only 2.3 per cent per annum whereas the planned rate had been 9 per cent. The FNDP placed a greater emphasis on co-operatives than had the Seers Report. The planned expenditure under the FNDP was to provide for the opening up of 24,300 ha for co-operative farms, with at least one farm in every district in the country. Provision was also made for stumping grants, tractor loans, and general-purpose credit, as well as for the hiring by the government of farm managers to assist with the development of the co-operative farms (Government of Zambia, 1966, p. 24).

Second National Development Plan 1972 - 1976 (SNDP)

While the emphasis of the FNDP had been on establishing a broad social and economic infrastructure as quickly as possible, the declared emphasis of the SNDP was on rural development. Unfortunately, this emphasis was not reflected in the planned allocation of expenditure. Though the SNDP stressed "the expansion of agriculture production as a top priority" (Government of Zambia, 1971, p. 33) planned investment expenditure by the Ministry of Rural Development was only 11.3 per cent of total budget (Table 3.2).


Table 3.2 Investment Expenditure in Second National Development Plan 1972-1976

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Planned Expenditure (K million)</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Development</td>
<td>135.0</td>
<td>11.38</td>
</tr>
<tr>
<td>Land and Natural Resources</td>
<td>34.7</td>
<td>2.92</td>
</tr>
<tr>
<td>Education</td>
<td>90.2</td>
<td>7.60</td>
</tr>
<tr>
<td>Mines and Mining Development</td>
<td>41.6</td>
<td>3.50</td>
</tr>
<tr>
<td>Power, Transport and Works</td>
<td>573.7</td>
<td>48.39</td>
</tr>
<tr>
<td>Provincial and Local Government</td>
<td>106.7</td>
<td>9.10</td>
</tr>
<tr>
<td>and Culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>203.6</td>
<td>17.11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,185.5</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Zambia, Ministry of Planning and National Guidance, SNDP, p.200)

The objectives listed in the SNDP for the rural sector were very similar to those of the FNPDP viz:

(i) to improve rural standards of living and to create a self-reliant and progressive society;

(ii) to create in the rural areas new employment and income opportunities and to improve rural services;

(iii) to diversify the economy away from copper;

(iv) to develop self-sufficiency in staple foods;

(v) to improve nutritional standards.

(Government of Zambia, 1971, p. 61).
The encouragement of family farms and the low priority given to mechanisation in the SNDP reflected the policy redirection outlined at the Kitwe Convention with less emphasis on large-scale production. The planned report introduced two new major policies - the setting up of regional production priorities and the establishment of Intensive Development Zones (IDZ's), which are discussed later. There were major changes in credit provision. By 1972 the Credit Organisation of Zambia (COZ) had gone bankrupt and had been replaced by the Agricultural Finance Company (AFC).

Third National Development Plan 1979 - 1983 (TNDP)

Rural development has been given the highest priority in the Third National Development Plan (TNDP) which calls for co-ordinated programmes of development in the fields of agriculture, agro-industries, feeder roads, provision of health and education facilities and such other activities as having bearing on the standard of living in rural areas. The other objectives are much the same as in the PNBD and SNDP.

The TNDP emphasises the need for clear classification of the agricultural sector into three categories:

(i) Traditional subsistence farmers;

(ii) Emergent farmers;

(iii) Commercial farmers.
The strategy for agricultural development during the TNDP centres around programmes geared to the development needs of these groups of farmers with special emphasis placed on the emergent farmers.

The plan envisages a growth rate of 6 per cent per annum. During the five year plan the government hopes to spend K1,439 million of the state budget. In absolute figures agriculture and transport will receive 13 per cent (K260 - K340 million) and 4.5 per cent (K92 - K117 million) respectively of the investment funds. The manufacturing sector is expected to grow the fastest, from 17 per cent GDP to 19.7 per cent of total GDP.

Although the main aim of the plan is to vitalise the small scale farm sector of agriculture, both the parastatal and private commercial producers will have an important part in both crop and livestock production, especially in types of farming that require a high level of managerial skills. There is confidence that if the pre-requisites are provided the output forecasts can be achieved.

3.4 Price Policies, Subsidies and Incentive Schemes in the Agricultural Sector

Minimum producer prices exist for most agricultural products. These are established and reviewed annually on the basis of the cost of production in the commercial sector. In the case of maize where there is only one legal buyer, NAM Board, the minimum support price is, in fact, a fixed price. Government-controlled producer prices are uniform throughout the country, regardless of transportation costs, a reflection of government policy towards regional equity (FAO/World Bank Report, 1979, p.3). Prices are not normally seasonally variable, although a small bonus of about five per cent for early delivery is
offered to maize producers. There is also state control of consumer prices, with maximum prices fixed for all the main staple foods. The major effect of the price control policy is to subsidise consumers in urban areas and along the line-of-rail. In the past, the cost of these subsidies was partially borne by the producer through low producer prices. This situation has changed in recent years with substantial increases in producer prices. The maize subsidy in 1977/1978 cost the government about $26 million, and amounted to 40 per cent of the retail price. The producer prices of maize rose from $6.80 per 90 kg bag in the 1977/1978 season to $9.00 in 1979/1980 season. The consumer price of maize meal (ground maize) remained unchanged but the subsidy increased to 74 per cent of the retail price.

There are two approaches used to determine the prices of agricultural inputs which come under the control of state marketing agencies, each having a separate policy objective. The first is uniform pricing throughout the country with the aim of ensuring inter-regional equity. The second is price incentives to assist farmers in buying inputs to help raise farm productivity. The first approach holds for all inputs regardless of whether or not a subsidy is applied and amounts, in effect, to farmers at close proximity to the line-of-rail subsidising the more remote farmers. At present this may be considered an important assistance to traditional farmers who are located on reserve and trust lands, away from the line-of-rail. Input subsidies, which apply only to fertilizers at present, have been substantial, fluctuating in recent years between 90-100 per cent of the price to farmers. The total value of the fertilizer subsidy increased from $28 million in 1975/1976 to $31 million in 1978/1979 season (FAO/World Bank, 1979, p.4). The price of fertilizer to farmers, which had remained constant from 1975, increased significantly in 1978; a reflection of exceptionally high transport costs to Zambia rather than a reduction in subsidy.
Table 3.3 Agricultural Finance Company Loan Disbursement 1970 - 1977

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans Disbursed (K)</th>
<th>Repayments (K)</th>
<th>Balance (K)</th>
<th>Percentage Recovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970/71</td>
<td>7,080,339</td>
<td>6,194,799</td>
<td>885,540</td>
<td>87.49</td>
</tr>
<tr>
<td>1971/72</td>
<td>8,227,245</td>
<td>7,262,580</td>
<td>946,665</td>
<td>88.27</td>
</tr>
<tr>
<td>1972/73</td>
<td>8,430,091</td>
<td>7,096,666</td>
<td>1,332,425</td>
<td>84.19</td>
</tr>
<tr>
<td>1973/74</td>
<td>7,437,743</td>
<td>6,548,721</td>
<td>889,022</td>
<td>88.05</td>
</tr>
<tr>
<td>1974/75</td>
<td>9,802,680</td>
<td>7,527,294</td>
<td>2,275,386</td>
<td>76.79</td>
</tr>
<tr>
<td>1975/76</td>
<td>13,724,680</td>
<td>10,619,198</td>
<td>3,105,482</td>
<td>77.38</td>
</tr>
<tr>
<td>1976/77</td>
<td>16,953,807</td>
<td>5,692,325</td>
<td>11,261,482</td>
<td>83.58</td>
</tr>
</tbody>
</table>

(Source: Agricultural Finance Company)

The Development Bank of Zambia Limited also continued to provide medium and long term assistance to agriculture. During 1977 DBZ sanctioned 12 agricultural projects amounting to K2 million.

3.5 Farmer Organisation

Various development schemes which are encouraged by the government include the "One Acre Tobacco Scheme" which is based in the cultivation of one acre of tobacco and two acres of maize by each family, and the "Outgrowers Scheme" for growing pineapples in the Mwinilunga District. In both cases a centrally located service, based on the particular requirements of the crops is established for the scheme members. Beef production is based almost entirely on low-cost extensive systems. The cattle are grazed on natural grassland. The increase in cattle sales is more likely as a result of increasing herd size than of significantly improved husbandry or desire for cash, basically because cattle in Zambia are a symbol of wealth (Boswell and Bent, 1970).
There are five government measures aimed at improving beef supply and the development of commercially orientated cattle husbandry.

(a) Price policy. The Cold Storage Board (CSB), the sole buyer of cattle in some areas, offers different prices throughout the year to encourage dry season fattening.

(b) The National Beef Schemes. Farmers who are willing to improve their cattle husbandry, according to a government planned programme, are subsidised and get special extension service.

(c) Collective Ranches. Cattle owners in the traditional sector are asked to bring a portion of their stock to developed ranches, where it is fattened under proper (government appointed) management. The contributors retain ownership of the stock and receive income from their output.

(d) Assisted Tenant Ranches. Individual tenants are grouped into blocks and operate under the supervision and control of a central government management service.

(e) State Ranches. These are developed and operated as direct production units on commercial lines.

3.6 Other Government Policies Affecting Agriculture

Intensive Development Zones (IDZ)

The IDZ concept was a major policy strategy in the NDP with the aim of concentrating public services and investment for integrated development of rural areas (Government of Zambia, 1971, p. 177). According to the IDZ concept, a package programme is devoted to well-defined production zones with the greatest inherent potential within the provinces. In addition, these zones should have:

(a) sufficient population to justify the investment;
(b) farmers with basic agronomic and husbandry aptitudes; and
(c) an advanced infrastructure such as feeder roads.
3.7 Agricultural Marketing System

Over recent years the most important ways of marketing agricultural products in Zambia have been through government controlled marketing boards. Other channels include marketing co-operative unions, private enterprises, the Rural Development Corporation (RDC) and sometimes directly by the producer to the consumer. The agricultural marketing system is undergoing a major change. It was proposed that at the end of 1981 the co-operative movement should take over the marketing functions of the National Agricultural Marketing Board (NAM Board). It was felt by the government that NAM Board was over-centralised, and could not cope with problems of marketing from Lusaka. The President, Dr. K.D. Kaunda, remarked that marketing must be done at "grass root levels", which meant handing it over to co-operative marketing unions.

Statutory boards were set up by the government and given the responsibility of marketing specific produce in specific areas. These boards usually had a monopoly, at least on the line-of-rail, and competition with the board was illegal. The government uses the boards to influence production and consumption, chiefly through price-fixing and subsidies. There are four statutory marketing boards operating in Zambia. These are:

1. the National Agricultural Marketing Board, (NAM Board);
2. the Tobacco Board of Zambia, (TBZ);
3. the Dairy Produce Board, (DPB);
4. the Cold Storage Board, (CSB).

Private initiative is still very significant and is encouraged in marketing particularly in the fields of buying, manufacturing and distribution of some agricultural commodities. Private firms buy maize from marketing cooperatives and NAM Board to grind, sell and distribute the maizemeal.
Private butchers go into villages to buy cattle in competition with the Cold Storage Board. Manufacturers of cooking oil and margarine buy groundnuts in non-controlled areas or from NAM Board for oil extraction. In remote areas hammer-mill owners buy maize direct from farmers to make maize meal. Sugar is marketed by the main producers, the Zambia Sugar Company at Nakambala. Marketing of eggs and other poultry products, fruit and vegetables is largely controlled by private sectors.

Marketing Boards Development

The function of the statutory marketing boards, introduced during the colonial period, have been extended in the post-Independence period.

The Grain Marketing Board (1964 - 1969)

In 1964 the Grain Marketing Board (GMB) of Zambia was established, replacing the Federal Grain Marketing Board. At the same time the Agricultural Rural Marketing Board (ARMB) was established to operate in more remote areas. These marketing boards were responsible for the marketing of several crops as well as the supply of agricultural requisites. Crop prices are pre-set by the Minister of Agriculture each year.

National Agricultural Marketing Board, established 1969

In 1969, the National Agricultural Marketing Board (NAM Board) was established, it was essentially an amalgamation of the GMB and ARMB. The formation of NAM Board was considered appropriate because of the dual marketing system inherited from the colonial period with the division between European and African agriculture, and between farmers on the line-of-trail and farmers in remote areas. Since its establishment, NAM Board has been responsible for providing a wide variety of marketing functions.
It has a monopoly on the purchase, sale, import, export and storage of maize at the national level, it buys cotton from the line-of-rail farmers. It has a monopoly on the distribution and sale of fertilizers and it distributes and sells other agricultural supplies, including seeds, in competition with the commercial sector.

The performance of NAM Board has been strongly criticized. The provincial agricultural officers' annual reports for recent years contain numerous accounts of seeds and fertilizers not arriving in time for planting, and of the failure of agents to show up at marketing depots to receive the farmers' crops. NAM Board has often attempted projects without knowledge of special requirements and hence has incurred substantial losses. For example, in 1970 it attempted to store onions and potatoes without specialised storage facilities and equipment, or a knowledge of the techniques required. As a result, approximately one thousand tons of both onions and potatoes had to be destroyed. By the end of 1972, the Board had incurred a financial loss of over K4.4 million, and in addition, K900,000 had been spent on buildings and equipment.

In 1971 the Ford Foundation was commissioned by the Zambian Government to do a thorough study of NAM Board. They made note of (i) a lack of clear objectives - neither the Board nor the government was sure of what NAM Board was meant to achieve. (ii) Excessive government control - the Minister of Agriculture gave directives for all NAM Board's functions, as a result of which the Board readily found scapegoats for any inefficiencies in its operations, and little incentive to improve (Williams, E. and Wardale, T., 1971). The Board has been responsible for operating a large number of depots in very remote internal areas, inaccessible by road for part of the year.
As a result of NAM Board's past inefficiencies, the government is less confident of its ability to carry out government marketing policies, and it has placed additional controls upon the Board. As mentioned earlier, it is proposed to hand over the marketing functions of NAM Board to the Co-operative Marketing Unions. The distribution of seeds may be taken over by a National Seed Company and, though it is not certain, a National Fertilizer (Chemical) Company may take over the distribution of fertilizer, in a move to decentralise the marketing system of Zambia.

The Marketing Co-operatives

The marketing co-operatives have continued to play an important role in the agricultural development of Zambia before and since Independence. This role will be further fortified when the movement takes over from NAM Board and becomes a major marketing body in Zambia.

The Zambian Government has strongly supported the co-operative marketing organisations, and has relied on them to provide marketing services wherever they are capable. Currently, they provide most of the marketing services in the Eastern, Southern and Northern Provinces. It was a declared policy of the government that co-operatives should have the primary marketing functions in rural areas. In 1979 the co-operative marketing unions bought more maize than NAM Board at the national level (Table 3.4).

Table 3.4

Maize Intake Co-operative Unions and NAM Board for Period 1975 - 1979 in 90 kg Bags

<table>
<thead>
<tr>
<th>Year</th>
<th>Co-operatives</th>
<th>NAM Board</th>
<th>Total</th>
<th>Co-operative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>2,182,502</td>
<td>4,032,168</td>
<td>6,214,660</td>
<td>33.51</td>
</tr>
<tr>
<td>1976</td>
<td>3,156,706</td>
<td>5,139,319</td>
<td>8,296,025</td>
<td>38.41</td>
</tr>
<tr>
<td>1977</td>
<td>3,571,102</td>
<td>4,349,991</td>
<td>7,740,833</td>
<td>46.13</td>
</tr>
<tr>
<td>1978</td>
<td>3,400,847</td>
<td>3,604,039</td>
<td>6,504,886</td>
<td>53.52</td>
</tr>
<tr>
<td>1979</td>
<td>2,039,100</td>
<td>1,740,888</td>
<td>3,749,988</td>
<td>53.58</td>
</tr>
</tbody>
</table>

Source: Department of Marketing and Co-operatives Report by the Director
Table 3.5 should be clarified slightly - most of the intake figures for the co-operative movement are from the Eastern Province, Southern Province, Northern Province and more recently Luapula Province. The major intake by NAM Board is from Southern, Central, Copperbelt and Western Provinces.

Tobacco Board of Zambia

The Tobacco Board of Zambia was established in April 1968, prior to which Zambia's tobacco crop was auctioned and packed for export in Salisbury, Rhodesia. The functions of TBZ were: to promote the production, sale and export of tobacco, to control and regulate marketing and export.

The TZB operates three types of schemes to encourage tobacco production by Zambian farmers:

1. Tenant Farming Schemes
2. Assisted Tenant Schemes
3. One Acre Schemes (Family Farming Schemes)

The participants in these three schemes produce approximately 10 per cent of the total tobacco sold in Zambia. They are subsidised by government, although the degree of subsidisation varies greatly from scheme to scheme.

Cold Storage Board

The Cold Storage Board (CSB) buys and sells graded cattle, in competition with private enterprise. It has a monopoly on the import of meat, in order to keep a steady flow of meat into the country. In addition to importing beef, CSB buys cattle at eighty-one different rural cattle-sale yards, some in remote areas. Most commercial farmers deliver direct to Lusaka, Livingstone or Kitwe depots. Private butchers are also active in the marketing of beef on the "line-of-rail", and they buy a large proportion of the slaughter-stock offered in these areas. CSB has to buy all the animals a farmer may wish to sell but it can downgrade them if they are in poor condition.
The Dairy Produce Board (DPB) purchases milk from farmers, then processes it for resale as whole milk and sometimes cheese, butter and other manufactured by-products. DPB also imports dairy products when there is insufficient produced on the home market. Its activities are restricted to the line-of-rail, and farmers deliver their milk daily to the nearest DPB depot.

Summary

Most of the domestic commercial food production was in the hands of European settlers under colonial rule. This is still the case today, though the number of expatriate farmers has fallen since Independence and the number of Zambian small-scale producers, who are selling a significant share of their output in the market, has risen considerably.

The Government agricultural policy in the Development Plans since Independence has been directed at breaking the vicious circle of low production and low incomes in the rural areas. A further priority aim of the authorities is to make Zambia self-sufficient in food production, in order to relieve pressure on the balance of payments. Success of the agricultural policies has been indecisive, mainly because of limited indigenous resources, in terms of capital and skilled manpower.

Marketing of most agricultural products in Zambia is a government policy. There are four official agencies - the Marketing Boards, which undertake wholesale functions, organise buying from farmers, provide transport and operate processing facilities. To some extent private traders are also active in marketing. Co-operative marketing organisations have developed to handle crops in areas where NAM Board has no monopoly. The farmer prices have been deliberately set at a substantially lower level than
prices at the farmgate, and the entire difference is in principle made up by government subsidy. A similar policy is followed for the supply of farm inputs; in particular, fertilisers and pesticides are sold below cost.

After reviewing the major policies for agricultural development in Zambia, Chapter 4 will look at specific policies concerning the development of agricultural co-operatives.
CHAPTER 4

AGRICULTURAL CO-OPERATIVES IN ZAMBIA

4.1 Introduction

Co-operatives have played an important role in the Zambian economy. Their impact on the economic development may be difficult to assess but their influence in the political arena has been significant. The Co-operative Movement has enjoyed the direct encouragement and protection of the Government through favourable policies and incentive schemes.

4.2 Review of the Co-operative Movement 1914 - 1963

The co-operative movement in Zambia has had a short but very volatile history. The first co-operative society was registered in 1914 but it was in 1947 that the first Department for the promotion of the co-operative movement was formed in what was then Northern Rhodesia. Until 1948, co-operatives were formed and operated by Europeans only, mainly for agricultural purposes. They were registered by the Registrar of the High Court under an Ordinance promulgated in 1914. This ordinance was never intended for the administration of societies with African membership (Lockard, C.S., 1971 (a) p. 7). Before 1947, unofficially some efforts were made to establish co-operatives with African membership by missions in remote areas but were unsuccessful, because of limited demand among Africans. There were no trained staff and as the missionaries moved from location to location the projects lacked continuity.

In 1960, the Report of the Rural Development Working Party felt that the development of the Northern Rhodesia co-operative movement had not been "sufficiently realistic" and that the educational side of the work had not progressed as far as it might have done. The report further charged...
that the extension of co-operatives above primary level appears to have meant, more often than not, the establishment of organisations which are co-operatives only in name and which have been given directions by appointing government officials to their executives (Government of Zambia, 1960, p. 90). Zambia's first Registrar of Co-operatives was appointed in 1946 and one of his first duties was to present to the Legislative Council proposals for co-operative law and to give legal backing to the new co-operative movement. In 1948, the Co-operative Ordinance was approved and adhered to and operated until 1972 when a more appropriate law, at least more comprehensive, was enacted for Zambia's co-operatives. In the 1948 Ordinance, the Registrar was granted power to register co-operatives and render them whatever assistance they needed. His managerial and supervisory authority extended only to performing annual auditing of societies' books (Ford, C.S., 1971 (a), p. 9).

The promotion of the co-operatives during the colonial administration was largely geared towards the provision of marketing services in the rural areas. The 37 co-operative societies registered in 1948, included consumer, marketing, thrift and loan co-operatives for Africans and farm supply, arts and cultural, consumer and marketing co-operatives for the Europeans. To a large extent the supervisory staff was for the African co-operatives.

In Fig 2 the growth of co-operatives from 1947 - 1965 is shown. There was a decline in the number of co-operative societies from 1960 to 1964. A number of factors were responsible for this.

(a) Many Europeans left the country after the formation of Rhodesia and Nyasaland broke up.

(b) Small co-operative societies amalgamated into bigger communal type co-operatives scattered all over the country with less than 2km of land

(c) Thrift and loan co-operative societies ceased to function because commercial banks, post offices and building societies provided better services." (Ford, C.S., 1971 (b), p. 72).
The first producer co-operatives, designed to market cash crops grown by village producers were formed in the Eastern Province in 1948. Later in 1950 some of these societies merged to form Co-operative Unions. The function of the producer unions was to organise on co-operative basis the supply of requisites, marketing facilities and credit. In 1957 the societies in Eastern Provinces formed their own tertiary layer, the Eastern Province Co-operative Marketing Association, (EPCMA). Its main function was the marketing of maize in the urban areas and export of groundnuts to Europe. The same pattern of co-operative development was followed in Southern and Northern Provinces (Figure 4.1).

The three provinces were the only ones to have active co-operatives. In the absence of statutory government organisations to attend to the rural agricultural requirements in production services, the formation of the marketing co-operatives meant subsequent extension of their services to all producers (co-operators and non-co-operators alike) in their respective regions. The marketing unions thus gained monopoly in produce marketing with very little competition from individual private dealers. The overall effect of this orientation in requisite handling and indiscriminate marketing arrangement was a gradual loosening of linkage between the primary societies and their holding unions. The marketing unions gradually became more and more business orientated, motivated more by efficiency and/or profitability than by member primary societies (Dodge, D.F., 1977, p. 65).
Figure 4.1
Growth of the Co-operative Movement

1947 - 1965

Number of Societies

Membership ('000)

Share Capital (K, millions)

Membership

Share Capital

Number of Societies

YEAR

4.3 The Co-operative Movement - Post Independence

Zambia is one of those countries in the developing world to have very enthusiastically promoted the co-operative organisation as a viable option for rural development. Thus immediately after Independence the ruling Party and the Government placed great emphasis on the formation of co-operatives. At the time of Independence, the Zambian economy was unbalanced. As mentioned in Chapter 3, it is often cited as a classic example of a "dual economy". The highly developed urban, industrial sector existed beside an underdeveloped rural sector. When Independence was contemplated, a policy plan had to be drawn up to facilitate a smooth transition for the new Zambian Government. In 1963, a joint United Nations/Economic Commission for Africa/Food and Agriculture Organisation Mission headed by Dudley Seers was invited to Zambia to prepare an economic survey and recommend policies. Although its Report emphasised the need for greater equality between rural and urban centres, it did not mention co-operatives specifically. The Report basically favoured large scale settlement schemes and centrally managed state farms in which major decisions were to be made by the Government. The closest they came to any form of co-operative-type organisation was peasant farmer settlement schemes. The main recommendation of the above mission was the wholesale introduction of tractor mechanisation to Zambian agriculture. To the experts of the Survey Mission modernisation of agriculture was equated with mechanisation. The Report recommended that 3,000 tractor units be introduced into the existing agricultural settlement schemes.

The first plan prepared by the Central Planning Unit, the Transitional Development Plan, which covered the 18 months from the beginning of 1965 to mid-1966, made no direct reference to co-operatives. However, immediately after Independence the official feeling, and especially the President's,
was that co-operatives would be the best strategy for rural development. It was felt that co-operatives could raise the social and economic level of the people simultaneously (Quick, S, 1975, p. 159).

4.4 Policy on Co-operatives - 1965 - 'The Growth Phenomenon'

1965 saw the birth of the Co-operative Movement as it is today. The President addressing a mass rally in the Copperbelt launched the campaign for the formation of co-operatives, announcing that plans and finance were available for starting communally organised production co-operatives. He informed the nation that "the money is there and the know-how is there, you can form these co-operatives anywhere and we will assist you ...." (Chifubu Declaration, 1965, p. 9). The announcement took the Zambian Civil Service by surprise as there had been no planning effort undertaken by the Ministry of Agriculture (Kapteyn, R.C.E., and Emery, C.R., 1972, p.1).

The reasons given by the President for instituting a rapid expansion of the movement were to:

(i) increase per capita income;
(ii) decrease unemployment;
(iii) improve the Zambian way of life;
(iv) mobilize the skills of individuals in a general movement towards development.

According to the President K72 million was set aside for the next 13 months. The response to the "Chifubu Declaration" was immense (see Fig 4.1).

The Department of Co-operatives was not prepared for the hundreds of applications to form new co-operative societies which were received for registration. The Department of Co-operatives did not have enough staff to cope with the massive degree of expansion. Prior to independence the co-operative sector was small and the Department of Co-operatives was a
relatively small agency within the colonial administration. In 1964 there were 192 African co-operative societies in the register, but by the end of 1965 the Department had doubled the registration to 468 societies with 2,000 other applicants awaiting consideration for registration. Table 4.1 shows the increase in the supervisory staff and the number of African co-operative societies.

Table 4.1 Field Staff and Number of African Co-operative Societies

<table>
<thead>
<tr>
<th>Year</th>
<th>Supervisory Staff</th>
<th>African Co-operatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>14</td>
<td>201</td>
</tr>
<tr>
<td>1964</td>
<td>NA</td>
<td>192</td>
</tr>
<tr>
<td>1965</td>
<td>24</td>
<td>454</td>
</tr>
<tr>
<td>1966</td>
<td>32</td>
<td>601</td>
</tr>
<tr>
<td>1967</td>
<td>42</td>
<td>875</td>
</tr>
</tbody>
</table>


The new co-operatives for communal farming registered and started operation without any understanding of co-operative principles or reserve capital funds. As it took only 10 people to get together to form a society and as no immediate capital contribution was necessary, little effort was needed on the part of the applicants to form and register a co-operative society. The politicians often stressed this point in order to get more co-operatives formed in their regions to gain personal popularity. The new co-operatives relied entirely on government loans and supervisory staff and the few field officers had to deal with a large number of small, scattered societies.
During the first stages of policy making there was little financial constraint and, as mentioned earlier, there was over K72 million available for co-operative development.

As the initiative for the development of co-operatives came from the Government there was a lot of political pressure on the Department of Co-operatives to encourage and register more co-operatives. The Department was aware of the need to slow down but unwilling to face the wrath of the politicians. The Director and the Registrar of Co-operatives spread the responsibility of registering co-operatives to other agencies. For example, the Provincial Development Committee had to approve new registration and no group was registered automatically, thus slowing registration indirectly.

Up to 1965, all the co-operatives in Zambia had been limited-purpose organisations. People had joined co-operatives voluntarily because it was to their advantage to farm and share produce communally but members were on the whole independent to take up personal pursuits. The 1965 and consequent co-operative policies were based on communal farming units. The emphasis was always put on communal rather than individual co-operatives although the policy directive did not specify the types of co-operatives which would be encouraged (Quick, S., 1975, p. 232). The Department of Co-operatives registered only communal farming co-operatives in the rural areas. Most of the new co-operative members were mainly from the inexperienced, subsistence cultivators, as the more progressive farmers were reluctant to give up their land for communal pooling or join a new society because of uncertainty. Another unfortunate outcome of the 1965 policies was an uneven development of the co-operative sector. The more politically aware and advanced regions formed societies much faster than the backward regions which needed them most.
After the registration of a large number of societies the Department was faced with the task of providing them with financial assistance, as promised by the President; Share Capital contribution was optional, not compulsory at the time of becoming a member and therefore the new societies needed capital to start production. (In 1964, President Kaunda noted that "As far as possible, Government will finance such organisations"; Dr Kaunda, quoted from, Legume, Collin (ed) 1966, p. 158). (Also in his "Chifubu Declaration" the President noted "The money is there and the know-how is there"). It was not easy to meet all the financial demands because the Department of Co-operatives did not have any direct control over the funds available. The loans were the responsibility of the Land and Agricultural Bank and the newly formed Credit Organisation of Zambia. The Credit Organisation of Zambia (COZ) was set up at very short notice to meet the demand of new co-operatives in 1965. The staff of COZ was not trained to deal with credit or loan procedures and their only objective seemed to be to grant as much credit as possible, in as short a time as possible. There was conflict of interests between the trained staff of the Land and Agricultural Bank and the COZ staff. Co-operatives had little collateral and in most cases none was asked for. The Department of Co-operatives was caught between the two financing organisations.

Theoretically the payment of government money was to be linked to work done by society members, so that members could see the return of their labour. In practice the initial stages of a co-operative began with stumping and clearing large fields with tractors and, therefore, it was decided to link government money to the number of acres cleared by a co-operative, this money was termed stumping subsidy. The stumping subsidy was K30 for 0.4 ha (£15 per acre) and stumping loans were granted to co-operatives on this basis. Although this figure was appropriate for commercial, capital intensive land clearing, the Department had over-looked an important factor, cheap labour in rural areas. The result was that
members with a little initiative hired rural labourers and paid them around K10 for clearing an acre of land and kept K20 per acre for themselves. The stumping subsidy policy had another unfortunate outcome in terms of future co-operative performance. Trees and shrubs grew thinnest in low-lying, poorly drained soil, (dambos) and many co-operatives cleared these lands during the dry season (dambos flood during the rainy season) knowing that they were not suitable for crop production. (Interview with an Agricultural Officer, Ministry of Agriculture). The only reason for stumping this land was to get the subsidy from the Government, not to create a large and productive acreage for the society. Once this policy had been decided on, the Department of Co-operatives was obliged to honour it. A random sample survey of maize production in the Sala Reserve of Central Province, (Ranga-Rao and Allen, 1964 - 1965), showed that most experienced small farmers in the country could produce 8.6 bags per acre of maize. Average farmers could produce only 4.9 bags. The earnings from 8.6 bags were K12 per 0.4 ha (86.1 per acre) at 1965 prices and for 4.9 bags it was K7.8 (3.4 per acre). It was therefore far more profitable to stump an acre of land for K30 per acre than to cultivate it. By the end of 1967, 45,000 acres had been cleared and K1,750,000 (675,000) paid out in subsidies (Department of Co-operatives, 1967, p. 14). The shortage of staff did not help to stop the abuse of this loan programme. There was little the field officers could do as there were no procedures for recalling or withholding the subsidy. Any field officer who tried to control the use of loans on their own authority were strongly discouraged by various means.

In March 1966, President Kaunda announced that land would be cleared by the Government without any charge and then financial assistance for each acre cultivated would be given (Zambia Information Service, March 1966). This policy never became effective and was dropped when it was realised that the resources and organisation to carry it out were not there.
In 1968, the abuse of the stumping subsidy came to public notice. There was a lot of publicity in the local newspapers and the Department of Co-operatives had the opportunity to change the policy. The problems of loan misuse did not stop with the end of stumping subsidies and other loans continued to be provided for input requisites like seeds, fertilizer and tractor hire. The policy on loans was one of the most significant policies in 1965-1966. It cost the Government dearly, a large amount of Government money was dispensed to farming co-operatives without adequate control of its use. The policy of easy accessibility to credit led to a lot of abuse by a number of co-operative societies. The aftermath of this policy still affects the co-operative movement today. A large number of societies are not eligible to apply for new loans because they abused loans in the past and cannot repay them now.

Education and training of members was the direct responsibility of the Department of Co-operatives. The policy was to expand education programmes to assist co-operative members and leaders. Co-operative training centres were set up with residential courses to suit various needs of co-operative members. Although considerable efforts were made in the educational policy, implementation was not very satisfactory; for example, courses were few and formal and often the training centres were a long distance away from most co-operative headquarters (Interview\(^1\)). By their very nature, the residential courses could not cope with basic problems like illiteracy and lack of numerical skills. The members had little knowledge of record keeping and accounting and the centres did not teach the basic fundamentals of co-operative operation. Most of the educational policies were carried over from the colonial period because, in 1965, the Department of Co-operatives were pre-occupied with other priority policies and planning.

\(^1\) Personal Interview with Mr V. Lubasi, Principal, Co-operative College, Lusaka.
In 1964, UN/ECA/FAO Mission to Zambia recommended a large mechanisation programme for the agricultural sector. The Government of the Republic of Zambia adopted this policy with great vigour and enthusiasm (Hall, R., 1965, p. 73). As finance was not a constraint the TDP allocated K1,200,000 (£600,000) for the mechanisation programme within the Department of Agriculture. Tractors became the symbol of prestige for rural development. The Department of Co-operatives decided it was feasible for a co-operative of 65 ha (160 acres) to have a tractor to itself. A large number of co-operative societies qualified for this as they had stumped the land in the early days of stumping subsidies. In the allocation of tractors the Department of Co-operatives was given preference over the Department of Agriculture, and it was assigned almost all the tractors. The first obvious step was to distribute these tractors on some criterion. This was not easy, political decisions kept interfering, politically active societies got tractors even if they did not request them, progressive labour intensive societies were forced to accept tractors even though they had applied for oxen. The distribution of tractors to the various provinces is outlined in table 4.2. In all, over 300 tractors were distributed. Lack of adequate training of members, poor maintenance of tractors and no spare parts rendered the tractors inoperable within a few months of their delivery. It seems that the Provinces which were politically more active got more tractors and financial support.

Table 4.2 Distribution of Tractors

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of Tractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luapula</td>
<td>60</td>
</tr>
<tr>
<td>Northern</td>
<td>25</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>17</td>
</tr>
<tr>
<td>North Western</td>
<td>24</td>
</tr>
<tr>
<td>Central</td>
<td>37</td>
</tr>
<tr>
<td>Southern</td>
<td>12</td>
</tr>
<tr>
<td>Eastern</td>
<td>2</td>
</tr>
<tr>
<td>Eastern</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Dept. of Co-operatives, Annual Report, 1967 (Lusaka Govt. Printer)

This table accounts for 187 of the 300 tractors - no information was available regarding the distribution of the remainder of the tractors.
The Department of Co-operatives had no facilities for training drivers or for providing maintenance services. The Department of Agriculture had the facilities, but as there had been a dispute over the allocation of tractors, they were unwilling to assist the Department of Co-operatives. Ultimately the Department of Agriculture agreed to train co-operative personnel but the courses taught were geared more towards agricultural needs than co-operatives. Because co-operative members lacked the basic engineering training, tractors lay idle and rusted often as a result of a simple fault which could have been easily repaired.

The mechanisation policy, like the loan policy, inexorably led to rapid policy changes as faults and abuses were uncovered. The policies which were made in a hurry proved to have lasting negative effects on the co-operative movement.

4.5 Co-operative Policy and Performance of the FNDP, 1966 - 70/71

The 1965 policies survived into the period of the FNDP, which, unlike the TDP, included co-operative encouragement among its policies. Emphasis was put on producer and agricultural settlement schemes, further expansion of the co-operative movement and increased training for Departmental staff and members of societies. The Ministry of Co-operatives and Mining reduced the minimum cleared area for which stumpage subsidy could be claimed to reinforce rapid proliferation of small societies. The growth of co-operatives was very rapid. By 1968 the Co-operative Register had 1069 societies with a total membership of 52,664. Fig. 4.2 shows the growth of co-operatives during the FNDP. There was a small rapid increase in the number of societies yet the comparative rate of increase in membership was slow. In 1968, of the 1069 registered societies 805
Figure 4.2
Growth of the Co-operative Movement
1966 - 1971

Number of Societies
Membership ('oo)
Share Capital (K, millions)

1300
1200
1100
1000
900
800
700
600
500
400


YEAR
were farming co-operatives with their membership representing 70 per cent of the total. Until 1970 farming co-operatives were generally of the communal type, involved mainly in maize production. From 1970 onwards the farming co-operatives changed into family-type individualistic societies discussed later under SNDP.

Although it had been hoped that the FNDP would clarify some of the past objectives of the TDP, it gave very little guidance on the formation of farming co-operatives and could not be regarded as an adequate instrument for directing the development of the movement. According to the Final Report of the Committee on the Development of Co-operatives (Government of Zambia, 1977 - 1981) there was poor planning, lack of education and small uneconomical holdings, shortage of staff and supervision during the FNDP. The FNDP called for "further expansion of the movement" yet signs of inactivity were visible as early as 1967. According to Quick, after 1966, "important actors became concerned primarily with the quality of co-operatives rather than simple quantity (the characteristic of widespread registration); the concern for economic performance increased to the level of criticism of the co-operative mode of organisation of the Department which, in turn necessitated a re-examination of the co-operative policies". (Quick, S., 1975, p. 273).

The high degree of expansion in the post-Independence period put a lot of stress on the staff of the Department of Co-operatives. In order to overcome the lack of skilled manpower, experts were invited from various countries to help with the development of the co-operative movement. Dr. Kaunda was most impressed with the Israeli approach to agricultural development and to some extent modelled his ideas
of co-operatives on the Moshaw and Kibbutz systems. In 1966 the Government invited Israeli experts to organise some co-operatives in Zambia. The Israelis emphasised the need for new techniques of production, a view which coincided with Dr. Kaunda's views on rural development. The Israelis took up vacant commercial farms and cleared large areas of virgin land to set up farming blocks. There were two farming blocks on the Copperbelt with the aim to create permanent family farm settlements. These were, Kafulafuta and Kafubu. The plan initially had been to allocate 13 acres of land per farm unit. Each block was to comprise three villages and one Regional Service Centre with about 65 families per village. Other similar settlement schemes were established at Tubalange, Suchetekels and the Zambia Independence Farming Co-operative just west of Lusaka. These schemes were under the exclusive care of Israeli experts assigned to Zambia. The participants were engaged in mixed farming, vegetable growing, poultry and animal husbandry. All Kafubu villages and one Kafulafuta village were settled by detribalized people drawn from unemployed migrants to the Copperbelt and surrounding districts. This created a socio-cultural gap among the various tribes involved. On the face of it, the task of the Israeli agricultural experts was to instruct the new members of the schemes in modern methods of agriculture. Modern equipment was therefore provided by the Israelis but as the new members knew very little about modern agricultural practices most farming operations had to be carried out by the Israeli experts in person. When the Israeli activities came to an end in 1973 due to the severance of diplomatic relations initiated by the Zambian Government, the whole development scheme broke down as few Zambians were sufficiently trained to operate the machinery and manage the schemes.
There was a need for agricultural co-operative experts and major changes in the staff continued. In January 1967, a group of volunteers from the Netherlands arrived and were assigned to help the farming co-operatives in the North Western Province. (Co-operative Newsletter, October, 1967). They were soon joined by volunteers from Sweden, Canada and Denmark and by the end of 1967 quite a number of expatriates were working for the Department of Co-operatives. The volunteers gathered information and familiarized themselves with Zambian rural conditions. A great deal was written and numerous reports presented on the state of the co-operatives. Their reports were articulate, well organised and made a great impact on the Department. Their recommendations for changes in policy were backed-up by the detailed empirical information. These had important implications for policy-making, since the expatriates were familiar with the economic aspects of co-operative performance without being involved in politics. There was a reorientation of the co-operative policy as a result of the recommendations of those experts. At the senior level expatriates almost dominated decision making. The co-ordinator of the Swedish volunteer team became the Department's first Planning Officer in 1967 and played an important role in the rationalization of the Department's organisation.

The reports of the volunteers had the backing of a prominent French economist René Dumont who had been invited to Zambia by the President in April 1967 to carry out a study of the agricultural sector. Dumont's Report was very critical of the Government's approach to co-operative development and the Zambian Cabinet refused to accept his recommendations.
In his report Dumont was particularly critical of two aspects of the co-operative policy:

"(i) too much Government handouts;
(ii) too much emphasis on mechanisation."

Dumont noted that the Government's willingness to provide large loans and subsidies created a condition where the co-operatives were being 'spoon fed' and where they had no incentive to learn and practice values of hard work and self-reliance. He concluded his report with a series of recommendations, the most important being:

1. to limit the amount of cash subsidies granted and make members bear a share of the capital cost of their farms;

2. if the stump ing subsidy programme was to be continued, it should depend on the clearing and planting of high quality land;

3. in future policy co-operative loans be given to purchase oxen rather than tractors and existing tractor units be consolidated into co-operative mechanization unions where repair maintenance and provisioning could be handled by a central management;

4. appoint a review commission to investigate other problems of the co-operative movement.

(Dumont, René, 1967, p. 26).

Although the Government of Zambia suppressed and ignored the Dumont Report in public, in private many recommendations and findings were taken note of. The last recommendation was especially important.
On the basis of the reports by the volunteers and Dumont, the Department recruited a Swedish Agricultural Economist, Gunnar Olund in 1968. Olund together with J. Russel, a Chief Farm Management Officer of the Department of Agriculture, conducted a survey in 1969 and produced a report in early 1970 on their findings. The Report indicated that farming co-operatives were extremely inefficient and unproductive even when a Government appointed farm manager was present. Olund and Russel observed that in Kafubu, which was initially based on communal type co-operatives, it took 298 families, two months in 1967/68 to cultivate 600 acres of land, whereas, using a system based on family farms, the same 298 families cultivated 1,100 acres in 1968/69 (Dodge, D.J., 1977, p. 63).

Significant recommendations were made in the Olund - Russel Report in 1970:

1. that the co-operative, fields which were being worked in groups be divided into individual plots;

2. that co-operative organization be concerned primarily with the provision of services to the individual members.


This Olund, Russel Report was accepted by the Ministry of Rural Development, Department of Co-operatives and by the President. Family Farming Schemes were encouraged as opposed to communal farming co-operatives. The new family farming schemes were family-type individualistic societies.
Judging by most criteria the performance of the farming communal co-operatives was unsatisfactory on the whole, and they failed to become viable economic propositions. There were a number of reasons for the poor performance:

1. the expansion of the co-operative movement took place without adequate administrative assistance;
2. lack of skilled and trained manpower;
3. societies were unable to obtain their requisites in time as seasonal loans were issued late in the year and this led to late planting and poor harvests, fertilizers were not delivered in time;
4. tractors were hired late and this too led to late planting;
5. there was laxness and irresponsibility amongst members, partly due to a widely held impression that co-operatives were Government farms, coupled with lack of formal and co-operative education;
6. farm managers were inefficient and lacked transport to get to society farms;
7. abuse and non-repayment of loans - attitudes to loans;
8. some societies had been sited on poor soils, or with poor water facilities, indicating that they had been farmed without proper planning.

(Lombard, C.S., 1971(b), p. 75).

The Department of Co-operatives policy after 1967 emphasised the consolidation of existing societies rather than encouraging the formation of new ones.

Until the end of 1967, Zambia had a large budget surplus. Revenue from copper was available for reinvestment in the rural sector, but after 1968 changes in the economic position of the country demanded a higher output
ratio per unit input. Even the President appeared disenchanted with the whole co-operative movement - his role as a policy 'effector' decreased because of pressures from within his political party. By 1969, the President saw fit to change to a programme of instituting Village Productivity Committees. These could be organised in every village without massive capital investment by the Government. By the end of the FNNDP emphasis was on self-reliance of the co-operatives. This policy came about due to rapid inflation and falling copper prices by the end of 1970 and led to increased financial stringency. By the interim period between the FNNDP and SNDP (1970/71) the enthusiasm of the Government for the co-operative movement was diminishing and emphasis was shifting to the Village Productivity Committees. Once the change in policy had been made the President began to regard the farmer co-operatives as economic institutions to be judged by economic criteria.

The Co-operative Marketing Unions evolved from the farming co-operatives. A number of small farming co-operatives joined to form co-operative unions with the aim to provide services to member societies, later these societies formed their own tertiary layer as early as 1957 in Eastern Province. The aim of the co-operative marketing unions was to market maize in areas where statutory bodies did not exist. In the absence of such a statutory body the unions attended to the rural agricultural requirements in providing services to co-operators and non-co-operators alike.

4.6 Co-operative Policy and Performance of the SNDP 1972 - 1977

The SNDP re-affirmed the Government's policy of continuing support for the protection and propagation of co-operatives as an effective means of developing the rural areas. In the SNDP the following guidelines for the co-operative movement were formulated (Government of Zambia, 1971, p. 91).
1. A co-operative society should meet a real economic need and should have reasonable prospects for success as well as being of benefit to members;

2. Prospective members should receive adequate co-operative education and information about the operation of a society before registration takes place, and committee and member education should continue thereafter;

3. Members must themselves contribute sufficient funds to enable operations to commence, Government assistance would be given in accordance with the normal criteria for credit-worthiness;

4. There must be an assurance of competent management before the commencement of operations of a new society;

5. Members should initiate and operate co-operative societies themselves, Government's contribution should be to stimulate and promote self-reliance;

6. In the case of farming societies, sophisticated forms of mechanisation and capital-intensive techniques should be avoided unless it is within the competence of members themselves, the emphasis being instead on improved seed, correct use of fertilizer and animal-drawn implements;

7. More emphasis must be placed upon the selection and training of co-operative leadership, and there must be an adequate number of members able and willing to give their time and energies to committee work before a society is formed;

8. Primary societies should be grouped into unions and common services established wherever possible;

9. To deal with the vast reorganisation and consolidation of existing co-operative societies which is required as well as to ensure that future societies are established on a sounder basis, there will be
ratio per unit input. Even the President appeared disenchanted with the whole co-operative movement - his role as a policy 'effector' decreased because of pressures from within his political party. By 1969, the President saw fit to change to a programme of instituting Village Productivity Committees. These could be organised in every village without massive capital investment by the Government. By the end of the FNPD emphasis was on self-reliance of the co-operatives. This policy came about due to rapid inflation and falling copper prices by the end of 1970 and led to increased financial stringency. By the interim period between the FNPD and SNDP (1970/71) the enthusiasm of the Government for the co-operative movement was diminishing and emphasis was shifting to the Village Productivity Committees. Once the change in policy had been made the President began to regard the farmer co-operatives as economic institutions to be judged by economic criteria.

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4.6 Co-operative Policy and Performance of the SNDP 1972 - 1977

The SNDP re-affirmed the Government's policy of continuing support for the promotion and propagation of co-operatives as an effective means of developing the rural areas. In the SNDP the following guidelines for the co-operative movement were formulated. (Government of Zambia, 1972, p. 51).
1. A co-operative society should meet a real economic need and should have reasonable prospects for success as well as being of benefit to members;

2. Prospective members should receive adequate co-operative education and information about the operation of a society before registration takes place, and committee and member education should continue thereafter;

3. Members must themselves contribute sufficient funds to enable operations to commence, Government assistance would be given in accordance with the normal criteria for credit-worthiness;

4. There must be an assurance of competent management before the commencement of operations of a new society;

5. Members should initiate and operate co-operative societies themselves, Government's contribution should be to stimulate and promote self-reliance;

6. In the case of farming societies, sophisticated forms of mechanisation and capital-intensive techniques should be avoided unless it is within the competence of members themselves, the emphasis being instead on improved seed, correct use of fertilizer and animal-drawn implements;

7. More emphasis must be placed upon the selection and training of co-operative leadership, and there must be an adequate number of members able and willing to give their time and energies to committee work before a society is formed;

8. Primary societies should be grouped into unions and common services established where ever possible;

9. To deal with the vast reorganisation and consolidation of existing co-operative societies which is required as well as to ensure that future societies are established on a sounder basis, there will be
a comprehensive planning team in the Department of Co-operatives and improvement in the quality of provincial and district co-operative extension staff.

The policy outlined in the SNDP to achieve the objective of further development of co-operatives was:

"To promote the long-term development of family farms as the basic unit of production, supported by viable marketing and supply co-operatives, at the same time to give every encouragement to the growing number of Zambian commercial farmers;" (Government of Zambia, 1971, p. 62).

The policy on co-operative development adopted in the SNDP took into consideration the various constraints experienced in the PNNDP and laid down guidelines for its development. The SNDP emphasised the need for economic viability of the co-operative societies, co-operative education and the provision of an audit and accounting system. These were two important changes in policy:

(a) a shift from communal farming co-operatives to service co-operatives;

(b) the movement had to make a collective effort to become self-reliant.

The encouragement of family farms and the low priority given to mechanisation in the SNDP reflected the policy shift outlined by the President at the National Convention in Kitwe in 1969. The loan policy in the SNDP emphasised that loans would only be issued for production purposes with realistic credit assessment and maximum expectation of loan recovery, (Government of Zambia, 1971, p.75). Major changes in the provision of credit occurred in 1972 - the COZ had gone bankrupt and another credit institution, the Agricultural Finance Company (AFC), was created to replace it.
The reference to 'service co-operatives' (general purpose or multi-purpose) was made in the SNDP and in several policy statements. The planning of multi-purpose primary societies involved the farming co-operatives, the majority of which were being liquidated as they had fallen below the qualifications specified in the Co-operative Societies Act. Consistent with the SNDP, the Department of Co-operatives, with the assistance of Swedish experts tried to implement the guidelines effectively. Several conditions were laid out to make the policy shift effective.

1. Liquidation of co-operative societies which showed no sign of achieving economic viability after feasibility studies have been made. In this respect 444 co-operative societies were liquidated between 1972-1975 compared to 133 between 1966-1971.

2. Registration of societies was very restrictive and only 133 co-operative societies were registered between 1972-1976 as compared to 716 during 1965-1971.

3. In the area of re-organisation and consolidation of societies, 94 co-operatives were re-organised into multi-purpose co-operatives.

4. In the field of co-operative education, detailed education training programmes were planned for the entire period of the SNDP and the TNDP.

5. The movement had to make a collective effort to become self-reliant. To this end, in April 1973, the Zambian Co-operative Federation (ZCF) was formed to provide the co-operative movement with a national instrument of its own. The plans were that when ZCF became fully operational, Government would have to hand-over gradually some of the tasks currently being performed by the Department of Co-operatives and Marketing.

The major theme in the SNDP was to re-organise existing co-operative societies into viable business enterprises and the establishment of multi-purpose co-operatives capable of providing a wide range of services including the supply of agricultural requisites, marketing services, distribution and administration of agricultural credit, the sale of consumer goods, transport facilities and processing activities. In Fig. 4.3 the growth of the Co-operative Movement between 1972 - 1978 is shown. The number of registered co-operative societies dropped considerably though total membership increased steadily.

A Co-operative Research and Planning Team was formed within the co-operatives Department in 1972. The CRPT, with the support of the Swedish Government and experts, was set up to analyse, investigate and establish a means of developing the various types of co-operative societies. On the basis of their findings the CRPT drew up a comprehensive National Co-operative Development Plan for appropriate action by the Ministry and Department of Co-operatives' staff.

As a growing feature of Zambia's policy making the SNDP, while taking on the Intensive Development Zones (IDZ) as its main strategy to rural development, had re-affirmed Government commitment to the continued support of co-operatives. On the whole, there was a shift from communal to multi-purpose co-operatives. Farmers joining a multi-purpose society retain the individual character of farming activities, but make use of requisite services co-operatively. The general pattern of multi-purpose societies is that they consist of groups of autonomous individuals who undertake services such as, supply of fertilizers, seeds, animal and poultry feed. The conditions for the multi-purpose co-operatives are similar to those outlined for the movement in the SNDP. The Multi-purpose Co-operative Handbook lays down the criteria for setting up a Multi-purpose Co-operative Society (MPCSS) which have to be adhered to. (Multi-purpose Co-operative Societies Handbook, Lusaka).
Figure 4.3

Growth of the Co-operative Movement

1972 - 1978

Number of Societies

Membership ('oo)

Share Capital (K, millions)

YEAR

For membership in a society, there is an entry fee of K0-50n non-refundable, but one is recognized as a member only when one holds one or more shares. Each share is K2.00 and one member can buy a maximum of 10 shares. The share-capital is used by the society to negotiate bank loans. Loan or credit transactions have to take place between the society and the Block Credit Scheme (BCS), with the help of the regional union. The advantages of MPCS as seen by the Government are:

1. the provision of a wide range of services required by farmers so that societies can become rural centres;
2. as a single channel service organisation, it can operate more efficiently than several separate organisations because it benefits from economies of scale;
3. members find it easier to deal with one organisation which is able to meet all their needs;
4. as a single organisation, it can afford to pay salaries and thus attract better qualified staff and can elect more competent directors from the membership.

For implementation of the programme, the Swedish Government is expected to contribute 60 per cent and the Zambian Government 40 per cent of the established K6.7 million.

Concerning consumer societies, since most of the consumer goods would have to be supplied by the MPCS in the rural areas, only a few consumer societies were to be formed in urban areas during the SNIP. Similarly, credit and savings societies were to be established only in the urban areas. In the field of training, a co-operative centre was planned for Lusaka. The funds for the construction were to be provided under the agreement signed between UNCA and the in 1975.
In its review on the SNDP, the Committee on the Development of Co-operatives noted that:

"the great damage done during the FNDDP to the Co-operative Movement has partly paralysed the Department's work during the SNDP. The main cause of concern has been a lack of credibility in the movement both from the members and the public. The damages have been so penetrating that the Department has not been able to wholly rectify the situation during the SNDP, and will be a major issue in the TNDDP."


4.7 Co-operative Policy and Performance of the TNDDP 1979 – 1983

Government policy is accurately summarised by the Department of Co-operative's Report on the TNDDP:

"The objectives of the TNDDP are to correct past mistakes and make the societies self-reliant."

The policy objectives in the TNDDP put emphasis on Agricultural Co-operatives. It is stated that:

"Agricultural Co-operatives are likely to continue to be the most important part of the co-operative movement in Zambia. While the family farms will remain the basic unit of production, supported by viable marketing and supply co-operatives, collective farming co-operatives both in the crop and livestock sub-sectors, will be encouraged. The ultimate aim is to create a strong agricultural economy, based on rural reconstruction centres organised on a co-operative basis, regrouped villages and school production units. It is envisaged that rural reconstruction centres will act as nuclei for co-operative development in the rural areas."

(Government of Zambia, 1979, p. 170).
The plan further states that manpower in the Department of Co-operatives will be improved. Immediate policy aims are to create multi-purpose co-operative organisations which will become the nerve centres for rural development. It is hoped that these societies will blend in with other social services such as clinics, schools, public transport and parastatal services. Policy is also designed to strengthen the activities of ZCF, particularly in the field of co-operative insurance, as well as at the Credit Union and Savings Association of Zambia (CUSA) Ltd., in its efforts to provide a variety of services. The Co-operative College was opened in Lusaka to further the education of co-operative members.


The total estimated expenditure for co-operative projects for the period of the TNDP is K8,647,000, out of a total of K197,128,000 allocated to the Ministry of Agriculture and Water Development, (Departments). Table 4.3 shows TNDP Investment Programmes and Projects, Ministry of Agriculture and Water Development and Table 4.4 goes on to show the expenditure in the Department of Co-operatives and Marketing.

Table 4.3 Summary of TNDP Investment Programmes and Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Total Cost (K'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters.</td>
<td></td>
</tr>
<tr>
<td>(a) Extension</td>
<td>21,150</td>
</tr>
<tr>
<td>Dept. of Agriculture</td>
<td></td>
</tr>
<tr>
<td>(b) Land Use</td>
<td>12,760</td>
</tr>
<tr>
<td>(c) Research</td>
<td>3,045</td>
</tr>
<tr>
<td>Dept. of Veterinary and Tsetse Control Services</td>
<td>2,340</td>
</tr>
<tr>
<td>Training Institutions</td>
<td>6,372</td>
</tr>
<tr>
<td>Dept. of Co-operatives and Marketing</td>
<td>8,647</td>
</tr>
<tr>
<td>National Farming Information Services</td>
<td>590</td>
</tr>
<tr>
<td>Dept. of Water Affairs</td>
<td>25,178</td>
</tr>
</tbody>
</table>
| Total                                        | 197,128            

Source: Ministry of Zambia, 1977, p. 21
The percentage spent on co-operatives was 4.4 per cent of the total allocation to the Ministry of Agriculture and Water Development.

The following production targets are envisaged under the TNDFP, as determined by the Co-operative Development Plan.

(i) Multi-purpose Co-operatives. A total of 232 societies will have been formed by the end of 1981 with a membership of 70,000.

(ii) Credit and Savings Societies. A total of (there is no number available) societies will have been formed with a possible membership of 100,000.

(iii) Consumer Societies. As most consumer goods will be supplied by the multi-purpose co-operatives in rural areas, it is intended that only a few societies will be formed in the urban areas, about 16 by 1981.

(iv) Co-operative Education:
(a) to construct the Co-operative Centre in Lusaka, known as the Co-operative College;
(b) strengthen the Co-operative Wings of the Co-operative Centre at Provincial Headquarters.

(v) Zambia Co-operative Federation will begin certain activities which will generate funds for itself.

Table 4.4 Estimated Expenditure in the Department of Co-operatives and Marketing

<table>
<thead>
<tr>
<th>Projects</th>
<th>TNDFP Investment Total Cost (K'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Accommodation</td>
<td>200</td>
</tr>
<tr>
<td>Katete Co-operative Training School</td>
<td>200</td>
</tr>
<tr>
<td>Co-operative Centre</td>
<td>600</td>
</tr>
<tr>
<td>Multi-purpose Co-operative Development</td>
<td>5,000</td>
</tr>
<tr>
<td>Marketing Schemes</td>
<td>50</td>
</tr>
<tr>
<td>Cattle Marketing Co-operatives</td>
<td>975</td>
</tr>
<tr>
<td>Zambia Co-operative Federation</td>
<td>422</td>
</tr>
<tr>
<td>Co-operative Marketing Union Investment</td>
<td>1,700</td>
</tr>
<tr>
<td>Vehicles</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>8,471</td>
</tr>
</tbody>
</table>

Source: (Government of Zambia, 1975, p. 150)
In support of the various co-operative projects the Department of Co-operatives and ZCF have an elaborate outline of the support projects and the cost break-down of projections on the recurrent and capital expenditure, (Table 4.4). It lays emphasis on transport facilities, capital investment funds for the development of primary MFCS to help meet capital costs on storage sheds, staff houses and equipment, investment funds for the multi-purpose unions, (MPCU), to meet capital costs of transport, staff houses, storage sheds, especially in the provinces where they would have to be built from scratch.

The Settlement Schemes, which during the SNDP, received development and managerial assistance, will continue to receive such assistance during the TNDP from the Government. The intention however, is to taper off that assistance when it is established that the schemes are self-reliant.

The TNDP should have commenced in 1977, but was only published at the end of 1979. During the two years interim period, 1977-78 the Zambian economy experienced considerable difficulties. In fact, since the precipitous fall in copper prices in 1975, the economy has not regained its former steady growth rate.

Despite the effort put into the planning and preparation of the TNDP, almost from the start the implementation of its objectives has been very poor. The delay in its launching caused uncertainty and there was little enthusiasm when it was finally published. There were major policy shifts; co-operatives were no longer the main strategy for rural development. There was less financial support for co-operatives education and training. Integrated Rural Development Programmes and Development Projects were allocated 22.8 per cent of the total TNDP provision, compared to 1.6 per cent allocated to co-operatives. Tenant Schemes were allocated 3.1 per cent, almost as much as co-operatives (Government of Zambia, 1979, pp. 150, 189 and Government of Zambia, 1980, p. 17).
Currently there is little public confidence in the co-operative movement basically because of its poor performance in the past. The co-operative movement as a whole and individual members are uncertain of their long term future. The policy emphasis in 1980 has been on Co-operative Marketing Unions. It is almost certain now that the Co-operative Marketing Unions will be taking over the major functions of NAM Board by the end of 1981. The Marketing Unions are being expanded because of their success in the past especially in four Provinces of Zambia, Southern, Eastern, Northern and Luapula. During the FNDP and SNDF, the performance of the primary societies declined whereas the Marketing Unions' performance improved. A lot of the Government's time and attention is being put into the decentralization policy, which was expected to boost rural development. The opposition to this policy has diverted much needed attention from other policies in the TNDP.

Within the co-operative sector, the multi-purpose co-operative approach is the most favoured. MPCS are to receive financial assistance from the Swedish Aid Programme. Certain policies in the TNDP have not been implemented in the first two years of the plan period because the depth of the present recession was unforeseen. Anticipated revenue has not been forthcoming because of the low copper prices on the London Metal Exchange. The economic climate of Zambia has been one of rapid and unpredictable change.

Summary

The main goal of all the Development Plans since Independence has been to develop the rural areas. Various strategies were adopted and many policies devised to achieve this aim. The use of agricultural co-operatives was one such development strategy thought to be compatible with the traditional mode of life. Each development plan, however, has had its own character
and priority on co-operative policies. In the Seers Report, no attempt was made to allocate expenditure for development projects in agriculture. Co-operatives were not given any explicit priority though land reform, resettlement schemes and mechanisation were recommended and these had an impact on the co-operative movement, in one way or another. The Transitional Development Plan did not put an emphasis on co-operatives either but in 1965 the President initiated a major co-operative programme, which gave rise to the co-operative movement as it is today. In the FNDC, the initial commitment to rural development was demonstrated in two basic approaches. The first included the extension of social and economic infrastructure, co-operatives and agricultural extension services throughout Zambia. The second was capital intensive development schemes.

The SDR re-emphasised the priority of rural development and co-operatives were thought of as one of the means of achieving this along with IDZ programmes. The strategy for the TDNP assigns the highest priority to rural development and confirmed that agricultural co-operatives will continue to be the most important part of the co-operative movement. The TDNP does not specify the role of co-operatives in the National Development (Government of Zambia, 1979, p. 170). The co-operative policies in all of the Development Plans had one major factor in common - rapidly changing strategies. The major impetus for this change has been the product of a single fact, the strikingly poor performance of the rural sector since Independence. When one policy failed it was promptly replaced by a new untried policy.

Having reviewed the development of the co-operative sector in Zambia, attention is now focused on the potential of co-operative type organisations for rural development in developing countries.
CHAPTER 5

CO-OPERATIVES IN DEVELOPING COUNTRIES

5.1 Introduction

The aim of this chapter is to outline the objectives and potential benefits of agricultural co-operatives in the developing countries. The economic, social and political arguments for encouraging agricultural co-operatives are discussed and the alternatives available to governments of developing countries for developing their rural sectors considered. The forms which co-operation may take in connection with agriculture are numerous, credit, processing and marketing, production supplies, consumer goods, insurance of many types, irrigation, artificial insemination of livestock, machinery, transportation, rural electric power and joint farming. New forms take place according to the particular needs of time and place, and unexpected and experimental types of co-operatives are continually coming to light.

5.2 Alternative Approaches to Agricultural Development

In the developing countries, nothing much happens without the initiative of government or some external agency. (Year Book of Agricultural Co-operation, 1965, p. 3). It is only by examining the conditions of rural society that the mobilization of rural people for development can be planned. Rural people are generally disadvantaged from the viewpoint of public services in the developing countries. The rural community tends to be conservative, it leans heavily on precedent and tradition; change does not take place readily. The rural and agricultural nature of the community is often exploited by the urban sector and the privileged minority within it.
In most developing countries a number of unfavourable factors may inhibit agricultural production and rural development. The main constraints usually are traditional or inadequate agricultural methods, insufficient education, the small scale and dispersed nature of agricultural production, lack of credit facilities and a general lack of roads and transport systems. Ways to improve the unfavourable situation may consist of measures which contribute directly to increased production and better living conditions. These can include timely provision of inputs such as fertilizers, improved seed, credit and more intensive cultivation methods along with improved roads and better marketing facilities. A further approach entails creating conditions conducive to development by removing obstacles and providing incentives so that the above mentioned facilities can be effectively used to achieve increased production and better marketing. The provision of economic incentives may consist of guaranteed markets at fair pre-determined prices, reforms of the marketing system, improvement of agricultural credit and land reform.

5.3 Individual Improvement

One option in the developing countries is that the rural areas could be developed through the individual improvement approach. Here the role of the Government is only supportive, it provides infrastructure, markets and extension training. The Government does not enter directly into the production process, leaving this entirely to the individual farmer. This approach is thought to produce the maximum rate of growth in agricultural output and is widely endorsed by economists (John Dewilde, 1967, p.75).
The disadvantages of the individualist approach are that it may produce serious distributional inequalities in the rural areas and these inequalities would have major repercussions on the economy as a whole. The individual strategy can create both a class of wealthy farmers and a much larger class of unemployed landless labourers. Given the limited resources of scarce capital and skilled manpower normally available in the developing countries, to cover often large inaccessible sparsely populated areas, assistance to individual rural farmers would be extremely difficult and very costly.

5.4 Group Farming

Assisting farmers in groups is one way of overcoming these problems. There are many ways group farming can be encouraged and a number of countries such as the Soviet Union, the Peoples Republic of China, Israel, India, Japan, East European Countries and many African states are experimenting with different kinds of group farming or production co-operatives to overcome their rural economic problems.

A common feature of group farming is the private or individual plot of land for each member family. An alternative, though less common arrangement, is the commune. Here the group provides the main consumption needs, including communal food preparation, with cash payments reduced to nominal amounts. In socialist countries a large part of the marketed proportion of the collective output is delivered to state agencies; a portion of the output may be distributed in kind to members, while some may be allowed to be sold in private markets directly to consumers. In mixed economies, group farmers may deal with specialised agencies organised to assist them and market their produce, or they may have to deal with marketing firms which serve all kinds of agricultural problems. In the former case the assistance may include assured markets, guaranteed prices and technical assistance. (Doner, P. 1977, p. 6).
Boguslaw Galeski distinguished four types of collective farms.

They are:

1. collective farms created by believers in an ideology which puts a higher value on non-economic than on economic goals;

2. collective farms created by landless families who were able to acquire the land but not to start individual family farms;

3. collective farms organised by the Government in order to reach national economic and social goals;

4. collective farms organised by farmers in order to get the advantages of a larger operation .... lower costs of operation, more efficient use of land, manpower, and capital, etc., .... and consequently higher economic returns.

(Boguslaw Galeski, 1977, p. 17).

All these collective farms have one thing in common: they are primarily created to attain ideological goals. The third type is created not by peasants themselves but by Governments. The peasant may or may not oppose the collectivization, but the initiative comes from above. To date, collective farms have not been created by peasants voluntarily and spontaneously. The reasons for collectivization are usually to achieve goals of national development. Collectivization provides some measure of control over production and consumption in rural areas and over prices of food. It facilitates the use of large masses of cheap manpower for the construction of industry and infrastructure; at the same time, collectivization provides the means for administrative and political control over the masses of peasant farmers (Galeski, B., 1977, p. 13).

If increasing agricultural production was the sole objective, without taking peasant welfare into consideration, state farms would be acceptable to many countries. State farms are usually more expensive to operate
from the Government's point of view because the Government must assume all the risks. (Galeski, B., 1977, p. 19). The introduction of state farms may also meet very strong peasant opposition as the peasants would not own land or have a say in management decisions.

5.5 Co-operative Farming

The idea of co-operative-type group farming has been most favoured because of its practical implicit ideological element. Co-operative farms may be chosen as the means of integrating holdings which best serve to achieve national development goals without alienating the rural people. The co-operative form of organisation has become so widespread among farmers and rural people generally that it seems to be the logical step for people engaged in agriculture once individual effort has gone as far as it can. Co-operative enterprises have a long history of helping farmers achieve increased returns in competitive market situations, and initially their activities were usually confined to marketing, processing and sometimes to the provision of production inputs and services.

The Rochdale Pioneers, in 1844, founded the first permanently successful co-operative store. The elements in the constitution of their society, the so-called Rochdale Principles, were to have formative influence on the co-operative movement in all countries, among agricultural as well as among industrial workers. (Digby, M., 1951, p. 9). The Rochdale Principles were in brief:

1. open membership;
2. democratic control;
3. limited interest on shares;
4. patronage rebates;
5. goods to be sold at current market prices and for cash only.
6. neutrality in race, religion and politics;
7. sale of pure and unadulterated goods;
8. continuous education for members.

Of these, the first four have survived as the basic organisational requirements for formal grouping but the other four are still extent.
(Clare, le Vay, 1979, p. 2).

5.6 The Economics of Agricultural Co-operatives

Ideally in the development of agriculture, governments believe co-operation could and should be making a greater contribution to increasing agricultural productivity and rural welfare. Co-operation would enable farmers, particularly smaller farmers, to enlarge the scale of their operations and specialise more. Economics of size are a crucial issue, i.e. that small family farms can seldom be highly productive, mainly due to their small level of output and insufficient capital investment. Large scale group enterprises may have production advantages, for example, if there is a greater diversity in land quality, a large collective unit can be more flexible than a small one in adapting its land use patterns to fit variations in soil type or topography. This may become an increasingly important factor as population pressures on the land shorten the cultivation-fallow cycle in tropical areas. Likewise, a large unit may have an advantage over a large number of small ones in certain types of infrastructural investments such as drainage systems and feeder roads, and irrigation facilities. (Dorner, P., 1977, p. 7).

Certainly it will be easier for a government to provide support services e.g. credit, inputs, extension, or marketing facilities to a small number of large units with centralized management than to a large number of small farms. Moreover, large collective units are frequently capable, either
alone or in combination with others, of mobilizing both the raw material and the required labour force for establishing rural agro-industries which would be next to impossible for an unco-ordinated group of small farmers.

5.7 Marketing

Co-operative marketing should help farmers to supply more uniform produce in bigger lots and to improve their prices through the sorting, grading and bulking of produce, preparing and processing it for sale. Through market research, the best channels and methods of disposal can be found. The theoretical marketing advantages include increasing producer sensitivity to market requirements and securing a greater share of the marketing margin, and acquiring greater market efficiency. The co-operative may have the advantage, through its contact with government agencies, including research and extension agencies, to pioneer in the effective provision of new forms of inputs and new marketing services.

The structure of the subsistence agricultural sector leads to an inefficient use of resources and certain resources for social, industrial, drainage and irrigation network, may not be used at all. Through co-operation, however, a size of unit is achieved at which new and specialist skills or indivisible physical resources such as pack horses or temperature controlled stores can be introduced. Centralised processing and grading saves individual farmers capital outlay and allow them to economise in labour use. Because the co-operatives handle large quantities, they can afford to dispatch produce to distant ports and markets with better prices. Co-operatives can often provide services at a lower cost and more efficiently than individuals could acquire them. In his analysis of agricultural co-operation in England, Knapp (1965) advanced co-operation as a means of increasing farmers' incomes and thereby improving the general prosperity
of rural communities and a way of helping to preserve the economic independence of producers and of regulating competition in the agricultural community for the benefit of all farmers.

5.8 Socio-Economic Benefits

In many African States, individual peasant proprietary rights have not yet emerged and State and Tribal land tenure systems still exist, e.g. in Zambia, Tanzania and Angola. Here co-operatives may serve to help people advance as a group, whereas the emergence of individual property rights and family farming may foster economic inequality and social differentiation. The labour absorptive capacity of farm production co-operatives is higher then on large private farms which are usually based on labour saving technology. On a co-operative farm workers should have control over the type of technology that will be used and they are more likely to preserve employment opportunities. Co-operatives also provide widespread opportunities for farmers to test their entrepreneurial capacities and participate accordingly in the decision-making process and gain experience. The capacity of co-operatives to absorb individuals with a wide range of talents and interests may be an attraction in rural areas. A person of less capacity, or simply less interest, is more likely to find a niche in a system of co-operative farming. With division of labour, there is better adoption and utilization of individual skills. Also, co-operative farming can provide a positive impulse for the development of managerial experience and leadership.

5.9 Socio-Political Benefits

Among the social expectations that developing countries' policy makers usually hold for co-operative farming is greater equality in distribution within the rural sector - through pooling resources and sharing returns at
least partially on the basis of labour input. Employment opportunities could be expanded in some cases by more intensive cultivation, but prospects are also improved by utilizing surplus labour in capital-expanding projects and small agriculture-related industries. Finally, medical, educational and cultural facilities, as well as farm inputs and marketing services could be provided more easily and more uniformly to collectively grouped rural populations.

Government leaders have political expectations, which may include the possibility for an expansion in the degree of direct rural mass participation in local and national affairs, and the development of a more effective rural political movement. Conversely, the motivation might be a desire to align a potential rural organisation to the government party or even to extend government control over emerging rural political activity.

5.10 Credit Recovery

In the area of credit recovery, governments in developing countries have had problems with debt repayment and illegal marketing outside official channels. When government agencies attempt to ensure loan repayments by requiring that production be channeled through agencies which deduct loan repayments as first claim on receipts, obvious incentives are created to market through other channels. One procedure is to divide up the production among members and market it as the output of individual member plots. Similar problems of by-passing official market channels arise if there is a lower price for output from group farms than from private farms. However, there are even greater difficulties when governments try to recover credit repayments direct from the marketed output of individual small peasant farms. (Cotter, P., 1977, p. 2).
5.11 Objectives of Co-operatives

The establishment and growth of co-operatives can be regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries.

In particular, co-operatives can be considered as means of:-

(a) improving the economic, social and cultural situation of persons of limited resources and opportunities;

(b) increasing personal and national capital resources by the encouragement of thrift and sound use of credit;

(c) increasing national income, export revenues and employment by a fuller utilization of resources, for instance in the implementation of systems of agrarian reform and of land settlement aimed at bringing fresh areas into productive use and in the establishment of scattered, not fully modernised, industries processing local raw materials;

(d) improving social conditions, and supplementing social services, in such fields as housing and where appropriate, health and communications;

(e) helping to raise the level of general and technical knowledge of their members.

5.12 Development and Success of Co-operatives

From the viewpoint of co-operation, the national function of agricultural co-operatives in the developing countries will be to achieve some kind of equity between the rural and urban living standards. Promotion of co-operatives, in the British Empire, began in India in 1794, and followed a familiar pattern in Asia, Africa and the Caribbean region. The emphasis was on co-operative credit societies for depressed and indebted cultivators. These societies were often promoted as a form of rural welfare rather than co-operative enterprise.
Although practically all the literature (Dumont, Laidlaw, Lele, Mukher), indicates that successful co-operation is difficult to achieve and a disappointment in terms of bringing about far reaching change in remote areas, in a few developing countries agricultural co-operatives have had some success. Co-operatives can handle a major portion of the agricultural products and provide services essential to the whole rural economy. In Japan, virtually every farmer belongs to a co-operative, usually a multi-purpose one. In Israel, the co-operative movement is a dominant element in all fields of agricultural production and controls the major production inputs of land and water. Two co-operative systems are found in Israel: the Kibbutz, an integral co-operative unit, and the Moshav, which relies on co-operative supply and marketing. Experience from several less developed countries e.g., Peru, and Dahomey indicates that systems which depend on centralized management, large scale, division of labour, and extensive infrastructure are more easily adapted to co-operative farming. In Asia, particularly in Sri-Lanka and India, consumer co-operatives have been successful. The dairy co-operatives in East India have achieved increased rural productivity and demonstrate a way of breaking the cycle of rural poverty. Kenya also has some successful coffee producing co-operatives and Nigeria's rice co-operatives deal with almost all the rice production and marketing successfully.

Despite many failures and frequent disappointments of high expectations in countries such as Tanzania and Sierra Leone co-operative societies are still widely considered by the Governments of many developing countries to be the most appropriate type of organisation to develop the agricultural sector. The main criticism voiced against co-operative societies as they exist at present in most developing countries is that they operate under rules which are too complicated and too different from local norms of behaviour to be accepted by the present farmers (Mukher, Hans,M.,1978,p.4).
5.13 Conditions Conducive to Successful Co-operation.

Co-operatives require a favourable social framework within which to operate and a certain kind of rural economy is conducive to the development of agricultural co-operatives. At the International Labour Conference in Geneva in 1966, 72 Government members from 44 different countries stipulated conditions they thought necessary for successful co-operation.

Legislation -

There should be national laws or regulations specifically concerned with the establishment and functioning of co-operatives, and with the protection of their right to operate on equal terms with other forms of enterprise. These laws or regulations should preferably be applicable to all categories of co-operative.

Such laws or regulations should include:

(a) a definition or description of a co-operative bringing out its essential characteristics, namely that it is an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and benefits of the undertaking in which the members actually participate;

(b) a description of the objectives of a co-operative, and procedures for its establishment and registration, the amendment of its status, and its dissolution;

(c) the conditions of membership and rights and duties of members;

(d) methods of administration, management and internal audit, and procedures for the establishment and functioning of competent organs;

(e) machinery for the external audit and guidance of co-operatives and for the enforcement of the laws and regulations.
Education and Training:

Measures should be taken to disseminate a knowledge of the principles, methods, possibilities and limitations of co-operatives as widely as possible among the rural population.

Instructions on the subject should be given not only in co-operative schools, colleges and training centres but also in other suitable educational institutions such as:-

(a) universities;
(b) teachers training colleges;
(c) agricultural schools and other vocational educational establishments, and workers education centres;
(d) secondary schools;
(e) primary schools.

Steps should be taken to familiarise the adult population with the principles, methods and possibilities of co-operatives.

Provision should be made for appropriate technical training and training in co-operative principles and methods for potential and actual co-operative office bearers, as well as their advisers and publicists. Where existing facilities are inadequate, specialised colleges or schools should be established to provide such training, which should be given by specialised teachers or leaders of the co-operative movement with teaching materials adopted to the requirements of the country. If such specialised institutions cannot be established, special courses in co-operation should be given by correspondence.
Land Tenure and Political Ideology -

The existing land tenure system is an important consideration when mobilizing peasants for co-operative farming. The African case, involving transition from traditional communal ownership to actual group cultivation, is an intermediate situation considered ideal for implementing co-operative type development programmes. (Reed, F.P., 1977, p. 364).

If land reform is needed, the ideal land reform programme according to the United Nations is an integrated programme of measures designed to eliminate obstacles to economic and social development arising out of defects in the agrarian structure. Least difficulty has been encountered with programmes and organisations involving resident labourers on established, market-oriented estates. (van Dooren, P.J., 1978, pp. 20-21).

Administrative Aid -

While it is essential that from the outset the management and administration of a co-operative should be the responsibility of the members and persons elected by them, the central authority should in appropriate cases and normally for an initial period only:-

(a) assist the co-operative in obtaining and remunerating qualified staff;

(b) place at the disposal of the co-operative persons competent to give guidance and advice.

Supervision and Responsibility for Implementation -

Co-operatives should be subject to a form of supervision designed to ensure that they carry on their activities in conformity with the objectives for which they were established and in accordance with the law. Good management and administration of the co-operative should be ensured. Education and training of co-operative personnel should provide practice and a critical examination of past mistakes.
Summary

In agriculture the services which co-operation can provide are varied. Policy makers in many developing countries are struggling with many difficult economic and social issues in the development of agriculture. Their aims include:

(a) increasing rural employment opportunities;
(b) expanding food and agricultural output;
(c) achieving a more equal distribution of income;
(d) including the landless among land reform beneficiaries;
(e) improving rural infrastructure and service systems;
(f) obtaining greater governmental control over agricultural output.

To try to achieve these aims the co-operative form of organisation in agriculture is introduced. It is possible for a group of farmers to pool their land, labour and implements and livestock to carry on the whole business of agricultural production on a basis of joint ownership and management. Co-operative farming is also more generally acceptable because it does not conflict with the deep attachment of the rural farmer to his land and his desire to manage his business. Co-operative tenant schemes have in some countries secured better cultivation of land and better management of communal pastures and woods.
CHAPTER 6

ANALYSIS OF THE AGRICULTURAL CO-OPERATIVE SOCIETIES

- CASE STUDIES -

6.1 Introduction

Having examined the potential of co-operatives in developing economies in Chapter 5, Chapter 6 presents case study evidence of the performance of a selection of agricultural co-operatives in Zambia. As discussed in Chapter 4, the majority of co-operatives were initiated by Government directive in 1965. President Kaunda launched the revitalized post-Independence co-operative movement because co-operatives were seen as a strategic way of developing the rural areas. There was a rapid response and co-operatives of various types sprang up all over Zambia before Government institutions had the machinery to assist them. Lack of preparation and poor planning resulted in considerable problems at the national level but the impact of poor planning was felt most at local primary co-operative level.

In Chapters 3 and 4 it has been assumed that specific policies had certain effects on the development of co-operatives. Often strategic co-operative policies had consequences which were very different from those anticipated. In order to determine the full impact of Government co-operative policy it is important to look at the way in which these policies were implemented by the rural people. It is also important to examine the co-operative movement from the perspective of co-operative society members and other individuals involved with co-operatives for whom the policies had been designed in the first place.
The case studies presented in this chapter are based on information collected from a number of co-operatives visited over a period of six months from April to October 1980. The questionnaires used for the field work are presented in Appendix I. The aim of the case study work was to ascertain the performance of individual co-operatives and determine how successful co-operatives have been in achieving the Government's objective in rural development. The important areas of investigation were:

1. economic and rural conditions in the regions before the introduction of co-operative societies;

2. reasons why members joined the societies and if they consequently benefitted economically, as was the aim of the co-operative policies;

3. how members reacted to and dealt with the constantly changing policies of the Department of Marketing and Co-operatives;

4. assessment of the performance of the societies by various measures, such as, total output, percentage of produce marketed, marketing facilities and level of skilled manpower;

5. the reaction of members to financial assistance and other incentive schemes;

6. education level and training of the members;

7. impact of expatriate assistance.

It was hoped that investigation of these topics would provide the information required to judge the impact of co-operatives at 'grass root' levels.

6.2 Data Collection

Data on the co-operative movement as a whole was initially obtained from the Department of Co-operatives, Ministry of Agriculture and Water Development in Lusaka. This was followed by a series of informal interviews and discussions with members of a sample of co-operative
societies. Additional information was also recorded by observing member interaction with one another and with staff from the Department of Co-operatives. The Department of Co-operatives' files on co-operative societies in Lusaka headquarters provided the sampling frame for the selection of a sample of societies for intensive study. All the co-operative societies in Zambia are classified according to the society's function. There were a total of 750 registered co-operatives in 1980, of which 653 were primary co-operative societies. These were divided into agricultural and non-agricultural co-operatives. There were approximately 480 agricultural co-operative societies, of which 120 were multipurpose, 300 producer and farm settlements and 60 others. A majority of the producer and farm settlement co-operatives were either dormant or under liquidation because of non-viability. There were, therefore, about 200 primary agricultural co-operative societies from which a sample could be drawn. Of the 200 multi-purpose agricultural co-operatives, some were located in very remote parts of Zambia and others, although registered, were not active co-operatives at all. The selection of societies was stratified to cover all agricultural types and categories of societies. While scrutinizing the files in Lusaka, it was observed that almost all the societies could be categorized as either labour intensive or capital intensive. It was therefore thought appropriate to observe the progress of co-operatives in both these categories and observe any significant difference in their performance.

Further study of the co-operative files revealed that there were active, well-functioning co-operatives in both categories. Similarly, there were societies with declining performance and others which had been liquidated in both categories.
The following aspects of the societies were observed to assess performance:

1. membership and society organisation;
2. production pattern and annual output;
3. percentage of output marketed annually;
4. type and condition of records kept;
5. physical condition of the farm and the machinery;
6. status of credit repayment;
7. services offered;
8. level of skilled manpower and management training.

The collection and compilation of secondary data proceeded smoothly and no major problems were encountered.

When it came to collecting primary data, however, considerable inaccuracies in headquarters' information became evident. In one or two cases, although the secondary information in the Department of Co-operatives' files showed an active, registered co-operative society, in actual fact, there was very little at the site of the society. For example, the head office of one particular society was supposed to be located 70 km South West of Lusaka along a main road. According to the files, there were 20 members, cultivating maize and vegetables. All the information in the files indicated a healthy society. In actual fact, when the society was visited, there was no head office, hardly any members available and even the co-operative officers had difficulty locating the society and finding the chairman.

Other problems included poor information flow between the societies and the Department of Co-operatives. Society members were often suspicious and sometimes refused to answer questionnaires. Despite these difficulties the collection of primary data was successfully completed. This would not have been possible without the assistance of the staff of the Department of Marketing and Co-operatives.
Therefore, selection of societies was based on:

(i) Capital intensive societies,
   - sample societies which had a high ratio of capital
   investment in terms of machinery per labour unit.

(ii) Labour intensive societies,
   - sample societies which had little capital investment
   and relied entirely on members' draft animals and
   labour resources.

For each of the two categories, samples of active, declining and
liquidated societies were selected. A purposeful selection of
societies was made, with assistance from the Department of Co-operatives'
staff, to ensure that all the above mentioned categories were covered.
Three societies from each category were selected for intensive study
except for liquidated societies, where sufficient information was only
available for one of each category. Fourteen societies were selected
from five Provinces as shown in Fig.6.1. Altogether there were
approximately 100 registered societies in these provinces and the
selected sample covered a wide geographical area in which most of
Zambia's agricultural production takes place.

The secondary data available was concerned with the history of each
example society, its location, crops grown, credit record, loans received
and loans repaid. The files at the Department of Marketing and Co-operatives
usually contained letters concerning problems or disputes of members. The
study of the secondary data usually gave a good overall picture of the
society in question and aided its categorisation.

The most important aim of the field work was to assess the performance of
the primary co-operative societies. The criteria used for performance
assessment concerned the major operations of the selected societies.
Figure 6.1
Location of Sample Societies

(a) Active

(b) Declining

(c) Dormant

- Sample Societies
- Lusaka
- Main Towns
- Main Road
- Railway
The majority of the co-operatives selected were multi-purpose societies, multi-purpose unions or settlement schemes. The development pattern of the various types of societies selected is not discussed.

6.3 Multi-purpose Co-operative Unions, (MPCU)

As discussed in Chapter 4, in 1965 a large number of small farming societies mushroomed in response to the President's call. Most of these societies were small with an average of only 10 members each who cultivated a small area. By 1969, a lot of these societies became unworkable because they had been formed on unsuitable land and few members had managerial skills for managing co-operatives. (Lombard and Tweedie, 1972, p. 62). Also because the growth in the number of societies had been so great there was an acute shortage of extension staff. A lot of people had formed co-operative societies only to claim the stump ing subsidy and any other benefits the Government offered. In 1970/71 the Government discouraged the registration of new societies and liquidated the non-viable ones. It was observed by Olund and Russell that 10 members, working communally on a small acreage, produced much less than if they were farming individually on their own patch of land. (Olund and Russell, 1970, pp. 12-16). Communal farming provided little incentive for the ambitious members.

In order to make the co-operative societies more viable economically, groups of 10-20 small primary societies throughout Zambia amalgamated to form co-operative unions. Initially in 1972/73 the societies remained separate units administratively, farming on individual family plots and sharing a few services such as machinery and transport facilities. Later, around 1974, the unions became the administrative unit, inheriting all the services and debts of the farming societies. The elected union committees represented all the members and in most cases were registered under a single name. Once the multi-purpose co-operative unions were formed the former farming and settlement societies were liquidated.
6.4 Multi-purpose Co-operative Societies (MPCS)

Most of the MPCS started in 1965, as agricultural farming co-operatives, communally farming on a common piece of land. Later, as in the case of the unions, the members farmed on an individual basis but unlike the MPCU, these societies did not amalgamate and just continued their activities. These societies usually had competent and adequate membership and a high acreage, usually over 10 hectares, and were thought viable and self-reliant.

6.5 Settlement Schemes (SS)

The settlement schemes were characterized by active participation of independent farmers in production. The farmers received advice and were supervised and controlled by a scheme manager, but remained responsible for their respective plots. The Government contributed—in addition to the special extension services—by providing the infrastructure.

6.6 Data Presentation

The data from each society was collated and in the following sections, the relevant features of the societies are discussed either individually or jointly, depending on the societies' characteristics and development.

6.7 Case Studies

All the co-operatives investigated were multi-purpose by function. Table 6.1 shows the active societies identified by code letters to maintain the confidentiality of information obtained. The active societies were sub-divided into labour intensive and capital intensive, depending on the level of investment in machinery related to manpower.
### TABLE 6.1 Active Societies by Type and Produce

<table>
<thead>
<tr>
<th>Name</th>
<th>Type</th>
<th>Major Commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Intensive:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>MPCU</td>
<td>Maize</td>
</tr>
<tr>
<td>B</td>
<td>MPCS</td>
<td>Maize and Vegetables</td>
</tr>
<tr>
<td>C</td>
<td>MPCS</td>
<td>Tobacco</td>
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<tr>
<td>Capital Intensive:</td>
<td></td>
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<tr>
<td>D</td>
<td>MPCS</td>
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<tr>
<td>E</td>
<td>MPCS</td>
<td>Maize and Vegetables</td>
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<tr>
<td>F</td>
<td>*ATC</td>
<td>Maize and Tobacco</td>
</tr>
</tbody>
</table>

*Agricultural Trading Co-operative*

There were a number of similarities between the various societies though each co-operative studied had its own characteristics. A detailed analysis of the active societies was essential to see why some performed better than others. An important feature of the active societies was that none of them was a settlement scheme, and apart from one, none had expatriate assistance.

6.7.1 Case Studies of Active Labour Intensive Societies

Societies A, B and C are active labour intensive primary co-operative societies located in the Central and Eastern Province (Fig. 6.1(a)). Historically the three societies had a similar development pattern; they were all registered as communal type farming co-operatives in 1965. Although the societies vary in their membership size and other major features, their structural layout follows a common pattern: The three societies are situated near major trunk roads and have fairly good irrigation facilities. The societies are composed of members from different villages in the region and therefore cover large areas. Members usually cultivate
land near or around their respective villages and carry their produce to the nearest collection depots. Generally the headquarters are situated near an accessible road and members can get to them easily. Managers are housed near the headquarters so that they can be available when needed. The average area cultivated per member varies widely in the three societies as is outlined in Table 6.2.

Table 6.2 Physical Characteristics of Societies A, B and C.

<table>
<thead>
<tr>
<th>Major Features</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>600</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Total Share Capital (K)</td>
<td>68,000</td>
<td>500</td>
<td>1,000</td>
</tr>
<tr>
<td>Average Area Cultivated per member (ha)</td>
<td>20 ha Maize</td>
<td>16 Maize</td>
<td>20 ha Tobacco</td>
</tr>
<tr>
<td></td>
<td>4 ha Cotton</td>
<td>1 ha Veg.</td>
<td>2 ha Maize</td>
</tr>
<tr>
<td></td>
<td>1 ha Veg.</td>
<td>-</td>
<td>1 ha Veg.</td>
</tr>
<tr>
<td>Average Yield</td>
<td>20 bags*</td>
<td>19 bags</td>
<td>12,000 kg Tobacco/ha</td>
</tr>
<tr>
<td>maize/ha</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2,00 kg Cotton</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percentage Marketed per member</td>
<td>70% Maize</td>
<td>60% Maize</td>
<td>100% Tobacco</td>
</tr>
<tr>
<td></td>
<td>100% Cotton</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Livestock kept</td>
<td>8 Oxen</td>
<td>2 Oxen</td>
<td>10 Goats</td>
</tr>
<tr>
<td></td>
<td>2 Cows</td>
<td>4 Cows</td>
<td>5 Cows</td>
</tr>
<tr>
<td></td>
<td>20 Chickens</td>
<td>30 Chickens</td>
<td>30 Chickens</td>
</tr>
<tr>
<td>Total Area of Society</td>
<td>20 km²</td>
<td>5 km²</td>
<td>5 km²</td>
</tr>
</tbody>
</table>

*90 kg bags
In the case of society A, for example, area cultivated per member ranged from 3 ha to 35 ha. The major crop grown was maize; every member interviewed had over 60% of his cultivated land under maize, the rest was used for cotton, vegetables and cattle grazing. Labour was usually provided by the member and his family and no hired labour was used, though mutual help was sometimes sought. There seemed to be no correlation between members' family size and area cultivated. In most cases, members cultivating over 10 ha marketed 50% or more of their produce. Some members used oxen, the number of oxen owned ranged from none to ten per member. In society B, the layout was similar to society A except that the area cultivated by the society was much smaller as there were only 40 members. In society C, members used over 80% of their cultivated land for tobacco and grew maize and vegetables as supplementary subsistence crops. Cultivation was done with a tractor. This was usually hired for the ploughing only and weeding etc. was done by hand.

Management and Production

The societies are run by managers seconded from the Department of Marketing and Co-operatives. These managers are responsible for the administration and advisory side of the management aspect. Each society has an elected committee headed by a chairman. The Department of Co-operatives provides them with management, co-operative by-laws, extension and advisory services and training. In the past, three societies faced management problems because their own personnel were not trained managers. The members did not always trust the manager simply because he was a government servant. When conflicts arose between management and the elected committee the easiest option was to transfer the manager to another society, this resulted in short-term change in management and a breakdown of the administrative functions.
New managers were not appointed quickly and often they took time to settle in and to get to know the members. Records for instance were not kept properly for any of the three societies.

Societies A and C have had no direct expatriate assistance but initially society B had Dutch volunteers as advisors from 1967-1970 and SIDA assistance from 1967 to 1973. The role of the expatriates was in the field of management, advisory, marketing, auditing and general planning. Initially the Dutch volunteers were very popular but after two years a lot of misunderstandings arose between the members and the volunteers. The trouble started over minor issues and came to a peak when accidentally a field of maize was burnt. The volunteers had issued the orders because they thought maize had been harvested and only stubble remained. The members claimed compensation. In another major incident the volunteers used seasonal credit funds for fixing one of the tractors without consulting the members. Eventually in 1970 the Dutch volunteers were withdrawn. The Swedish advisors soon faced similar problems and in 1973 active Swedish support was also withdrawn and the society has been managed by committee members and a manager ever since. The societies provide no marketing facilities or agricultural inputs directly to members but have a consumer shop where members can buy inputs. The society’s main function is provision of credit. NAM Board has collection depots near societies A and B. Society C markets its tobacco to the TEZ.

None of the societies had total output records or total marketed output; members were not always willing to give exact figures and often bypassed the societies when selling their produce because of outstanding loan repayments. The managers of the three societies gave their estimations of what the general production pattern was for their respective society. The estimated production trends of the three societies are very similar (Fig. 6.2).
Figure 6.2

Estimated Production Trends of Societies

A, B and C

Production (000 Kg)


TIME
Initially production increased because of re-organised, combined effort of members which had not existed before the co-operatives were formed. By 1967 the societies faced many problems, members for example, were not satisfied with the communal type farming. The lazy members got the same income as the hard working ones and the ambitious members had few incentives to increase their production. Also in 1969 Government noted the poor returns achieved by the societies in terms of loan payments and therefore reduced financial support. The validity of these estimations could not be cross-checked but the appropriate production figures are shown in Figure 6.2.

It was easy for members to evade loan repayments because NAM Board had stop orders only in the name of the society and therefore, if members sold on individual basis NAM Board could do nothing. The members were unwilling to sell their produce through the co-operative, not only because loans would be deducted, but also because they had to pay 50c extra per bag of maize to the society for overhead costs and therefore lost from K100 to K200 on 200 to 400 bags of maize.

In 1969 ARC stopped all seasonal loans to societies which had not paid past debts. Production fell dramatically as members had always relied on seasonal loans for purchasing inputs. Production declined and it was only after streamlining the movement in 1972/3 that production started to pick up again.

Credit and Investment

The provision of credit forms the major activities of the three societies. The societies get loans from various sources such as ARC, Government Banks and the Co-operative Credit Society (CCS). The credit is always short-term seasonal loans so that production is
their input requirements. The credit status of societies A and B are very similar and will therefore be discussed jointly. Society C has a unique difference and is discussed on its own. Table 6.3 outlines the loans given and amounts recovered between 1974 and 1980.

Table 6.3 Credit Status of Societies A and B.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SOCIETY A</th>
<th>SOCIETY B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Credit (K)</td>
<td>Repaid (K)</td>
</tr>
<tr>
<td>1974/75</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>1975/76</td>
<td>19,588</td>
<td>1,600</td>
</tr>
<tr>
<td>1976/77</td>
<td>38,000</td>
<td>-</td>
</tr>
<tr>
<td>1977/78</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1978/79</td>
<td>-</td>
<td>6,000</td>
</tr>
<tr>
<td>1979/80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>Principal</td>
<td>35,588</td>
</tr>
<tr>
<td></td>
<td>Interest</td>
<td>2,500</td>
</tr>
<tr>
<td>Total outstanding</td>
<td>38,000</td>
<td></td>
</tr>
</tbody>
</table>

Figures for 1965 - 1973 were not available either at headquarters or at the co-operative society. The reasons given were that during the amalgamation of the societies and the change in the financial institutions (COZ, LNZ to APC), a lot of papers were lost and credits written off. Both societies used the credit for distribution to members as additional loans and to buy essential services like transport, and a higher pull for the future to come. Considering the lack of liquidity and the cash flow factors, the picture indicated poor performance. In spite of this, the
repaid past loans members expect further loans each season. It would appear that members do not regard loans as initial capital to get production started but as income for their efforts.

The societies follow the Co-operative Accounting System (CAS) encouraged by SIDA, accounts are maintained by the manager and auditing is done by the Department of Marketing and Co-operatives with cross checking by ZCF for a fee of K50.00. Although the society maintains a good set of cash registers, ledger books along with subsidiary books, payment vouchers and journal vouchers, there was no trial balance appended to the accounts. This made it difficult to check and confirm the figures contained in the reports. January 1980 records showed that society A has a paid-up share-capital of K68,000 and an annual turnover of K32,000. There are 500 members with an annual turnover of K53/year per member, which is very low even by Zambian rural standards.

There are many reasons why the loans accumulated, the major factor was that members were allowed to receive an amount of credit equivalent to three times the share-capital contributed to the society. The need for credit did not correlate with the ability to raise share-capital. Also members often by-passed the society and sold their produce directly to NAM Board, to avoid repayment of loans and save 50c/bag, which they paid to the society for overhead costs.

The K11,900 debt was between members and society and only K38,000 was from NAM Board, of which K10,000 was repaid in 1980. The fixed assets of the society are valued at less than K500, except for the consumer shop. The society incurs losses due to poor debt repayment and poor cash control. In 1979 there was cash shortage of K2,312.67, the expected cash in hand should have been K3,097.53, but the actual cash physically counted was only K14.56.
The members are trying to diversify their activities from growing maize to poultry production, sewing, pottery making and carving. In 1979 societies A and B provided members with credit facilities and newly started poultry schemes. The scheme is managed by 20 women members at society A and 15 members at society B. This scheme has paid back all its loans, each society has about 2,000 birds, most of the birds seemed healthy and ready for marketing at the time of interview.

These societies own no machinery and they have no transport facilities. Society B used to hire a tractor for the members but as it proved uneconomical they stopped. All the work is done by human or animal power. Some members have oxen, which they use for cultivation. Society B has irrigation units which were given to them in 1968 and 1970 by the Government. They have 20 stationary irrigation units and 12 mobile units, only 2 or 3 of each still work.

Society C is located on excellent tobacco land and all the members are experienced tobacco growers as they all worked on commercial tobacco farms before forming the co-operative in 1965. The credit position of society C is outlined in Table 6.4. The 1966 money was the stunning subsidy and therefore not to be paid back. The society had paid back all its loans by the 1969/70 season but there was some misunderstanding between COZ and the society. COZ claimed that the society still owed them about K2,000 and the society was certain they had cleared their debts. COZ refused to allocate any further loans until the society paid back the K2,000. This incident caused so much distress among members that they lost trust in the credit organization as well as the Government it represented. The members thought they were being cheated and in the 1970/71 season borrowed money from a private banker at a higher interest rate. The above misunderstanding was all because
but the society never took any loans from COZ which later passed its functions to APC. Society C has a small membership compared to society A, they grow a specialised crop and TRZ have a very good extension service.

### Table 6.4 Credit Status of Society C

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit</th>
<th>Repaid</th>
<th>Balance</th>
<th>Source</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965/66</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
<td>GRZ</td>
<td>Stumping</td>
</tr>
<tr>
<td>1966/67</td>
<td>12,000</td>
<td>-</td>
<td>12,000</td>
<td>COZ</td>
<td>2 Tractors</td>
</tr>
<tr>
<td>1967/68</td>
<td>3,000</td>
<td>9,000</td>
<td>6,000</td>
<td>COZ</td>
<td>Implements</td>
</tr>
<tr>
<td>1968/69</td>
<td>1,600</td>
<td>7,600</td>
<td>-</td>
<td>COZ</td>
<td>Inputs</td>
</tr>
<tr>
<td>1969/70</td>
<td>2,500</td>
<td>2,500</td>
<td>-</td>
<td>Private</td>
<td>Inputs</td>
</tr>
<tr>
<td>1970/71</td>
<td>1,500</td>
<td>1,500</td>
<td>-</td>
<td>Private</td>
<td>Maintenance</td>
</tr>
<tr>
<td>1971/72</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1977-1980</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Society C is probably one of the very few societies in Zambia which has no outstanding debt and does not borrow from Government and other institutions. The members saw the advantages of saving their own money and re-investing it. Also society C farmed on individual family farms right from the start as opposed to communal farming. The society has a share capital of K3,000 which is used for emergencies and members have saving accounts with the Post Office. Society C maintained no financial records traditionally though each member kept a rough account of his proceeds. At present one of the tractors still works, ploughing is therefore carried out manually but after that the members and their families work manually. The tractor lacked maintenance so was
smoking badly, it was to have gone for repairs but as the society
needed it, they postponed the repairs. At the time visited
the society had no manager but they were hoping to get one soon.
The society had storage facilities, a barn for collecting and curing
the tobacco before taking it to the TBZ depot. They had no transport
of their own and used public transport.

Education and Training of Society Personnel

In all the societies at least two-thirds of the members had been for
some form of co-operative training at one of the co-operative colleges.
Almost all the executive members interviewed had been to the President's
Citizenship College (PCC).

It is hard to assess the practical value of courses attended. All the
members interviewed, (20 from Society B and 25 from Society C) complained
of the distances they had to travel and the new surroundings they were
subjected to, and said that by the time they got used to the place, the
courses were over. There was little evidence that courses were of any
use if book-keeping is anything to go by.

6.7.2 Case Studies of Active Capital Intensive Co-operative Societies

Societies D, E and F are active, capital intensive primary co-operative
societies located in Central and Southern Provinces (Fig. 6.1) and
differ considerably in size and background history. Table 6.5 shows
some of their major features.

Society D was registered in 1965, and modelled on the Israeli Kibbutz
system. In order to get the socio-operative, Israeli experts were
attached to the project. The Israeli experts did the finance and
programmed the work as well as training the workers to carry out specific
tasks to perform.
Table 6.5 Features of Active Capital Intensive Societies

<table>
<thead>
<tr>
<th>Features</th>
<th>Society D</th>
<th>Society E</th>
<th>Society F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Registration</td>
<td>1965</td>
<td>1977</td>
<td>1928</td>
</tr>
<tr>
<td>Type of Society</td>
<td>MPCS</td>
<td>MPCS</td>
<td>Service Soc.</td>
</tr>
<tr>
<td>Membership</td>
<td>18</td>
<td>30</td>
<td>450</td>
</tr>
<tr>
<td>Share Capital Paid up (K)</td>
<td>54</td>
<td>1,200</td>
<td>100,000</td>
</tr>
<tr>
<td>Average Area Cultivated per member</td>
<td>3 ha</td>
<td>30 ha</td>
<td>150 ha</td>
</tr>
<tr>
<td>Range of Area Cultivated per member</td>
<td>2-7 ha</td>
<td>20-100 ha</td>
<td>25-1,000 ha</td>
</tr>
<tr>
<td>Total Area of society</td>
<td>5 km²</td>
<td>15 km²</td>
<td>-</td>
</tr>
<tr>
<td>Average per member</td>
<td>90 layers</td>
<td>23 bags/ha</td>
<td>2,000 kg/ha</td>
</tr>
<tr>
<td></td>
<td>50 broilers</td>
<td>maize</td>
<td>tobacco</td>
</tr>
<tr>
<td>Percentage marketed</td>
<td>40-60</td>
<td>50-80</td>
<td>85-95</td>
</tr>
<tr>
<td>Capital Investment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery (K)</td>
<td>1,704</td>
<td>45,372</td>
<td>179,200</td>
</tr>
<tr>
<td>Buildings (K)</td>
<td>35,660</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Tools and Equipment (K)</td>
<td>156</td>
<td>157</td>
<td>150,700</td>
</tr>
<tr>
<td>Others (K)</td>
<td>-</td>
<td>-</td>
<td>70,000</td>
</tr>
<tr>
<td>TOTAL CAPITAL ASSETS</td>
<td>K23,696</td>
<td>K45,529</td>
<td>K1,399,000</td>
</tr>
</tbody>
</table>

Society D has title to the land which the Government purchased on its behalf from a commercial farmer at a cost of K10,524 through the now defunct COZ. Originally the co-operative started as a poultry co-operative with just over 1,000 birds, mostly layers, but later they diversified into pig and vegetable production. Initially the society had a membership of 30, all are situated in a 40 ha farm. The society's livelihood...
increased to 32 members in 1972 but had fallen back to 18 by 1980. The Society invested in buildings, 5 poultry sheds and piggery houses, a vanette and equipment for the poultry, all costing roughly K23,696.

Society E was registered in December 1977 with a total membership of 18. It is a MPCs for agricultural and industrial purposes and was formed to provide services to the residents who are either emergent farmers or private business operators. The majority of members are senior employees in Government, Parastals or self-employed emergent farmers. Two years after registration the society was threatened with liquidation due to lack of business activity and inadequate membership. There are an estimated 100 residents with holdings ranging from 20-100 ha, who would benefit by becoming members but do not join because of declared lack of confidence in the society. Membership increased to 32 in 1980 and share-capital has amounted to K1,200. Initially in 1977, the society started with three tractors, one vanette, and equipment costing K45,529. The society has plans to build storage sheds, and a retail shop for its produce.

Society F is a commercial co-operative society which was first registered in 1928 by 100 commercial farmers growing tobacco in the Southern Province. Each farmer cultivates between 100-500 ha of land along the line-of-rail in the Southern Province. Most of the members are British nationals resident in Zambia. The membership has now risen to 450 and the main pre-requisite for becoming a member is a farm holding. The potential member must have the lease of his farm holding (usually for 999 years) and a membership fee of K400. The high membership fee inhibits small traditional farmers from becoming members. Although all the committee members are British nationals, the management is approximately 50 per cent black. The training is taking an interest in the
The society has six retail outlets in the Southern Province, situated along the line of rail and main road. The function of the retail shops is to supply agricultural implements at discount prices to members. The society has warehouses for maize with facilities for grading seed maize, tobacco warehouses with grading facilities and warehouses for sunflower and ground nuts. It also has three tractors, three planters, ten vanettes and two lorries for hiring to members and non-members. There is also a sunflower oil extraction plant just completed in Chomo and a maize grinding mill in Monze. The total capital investment is estimated at K1.5 million and the annual turnover is over K6 million.

Management and Production

Societies D and E had a lot of management problems. The nature of these problems is discussed separately for each society. Society D started with an elected committee of five, with the Chairman of the society also acting as manager. The Israeli experts managed the society and members were allocated work and were paid monthly allowances ranging from K10-40. Members knew very little about the formal aims and functions of the society or the income from sales.

The society was performing competently until the end of 1970, when an outbreak of "Newcastle" disease destroyed most of the poultry flock of 3,600 layers and 4,400 broilers. All the poultry sheds had to be sterilised and production started from scratch. The society applied for loans in 1971. Production in 1971 was very low but picked up a little in 1972 when loans were eventually granted.

In 1973, there was a break in diplomatic relations between Zambia and Israel. Consequently the society stopped beef supplies at competitive prices and the management was left to the members. The new management was inexperienced, production declined dramatically and many members
were neglected. The piggery fell into ruin, the poultry section closed and vegetable growing was reduced to subsistence plots. The farm became overgrown with bush and farm buildings collapsed. As the chairman was thought to be most experienced, he was appointed manager by the Government. The society members had regarded themselves as employees working on a farm with the Israelis and the Government their employers. Therefore, they felt it was not up to them to organise and plan work, and waited for instructions from the authorities.

Production continued to deteriorate until 1978, when GRZ gave the society a small loan to buy more day old chicks' feedstuff. Table 6.6, outlines the production of Society D. The Society is about to come under new management with Government assistance and there are plans to diversify the society's activities and put more emphasis on pig production.

Table 6.6 Production of Society D

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Poultry</th>
<th>Crops Grown</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Size of</td>
<td>Fattened</td>
</tr>
<tr>
<td></td>
<td>laying Flock</td>
<td>Pigs Sold</td>
</tr>
<tr>
<td>1965</td>
<td>2,500</td>
<td>-</td>
</tr>
<tr>
<td>1966</td>
<td>1,500</td>
<td>-</td>
</tr>
<tr>
<td>1967</td>
<td>1,760</td>
<td>-</td>
</tr>
<tr>
<td>1968</td>
<td>2,700</td>
<td>2,500</td>
</tr>
<tr>
<td>1969</td>
<td>8,700</td>
<td>5,000</td>
</tr>
<tr>
<td>1970</td>
<td>6,000</td>
<td>7,500</td>
</tr>
<tr>
<td>1971</td>
<td>1,500</td>
<td>2,500</td>
</tr>
<tr>
<td>1972</td>
<td>3,000</td>
<td>4,000</td>
</tr>
<tr>
<td>1973</td>
<td>1,700</td>
<td>2,000</td>
</tr>
<tr>
<td>1974/75</td>
<td>NO PRODUCTION RECORDS AVAILABLE</td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>1,800</td>
<td>1,800</td>
</tr>
<tr>
<td>1977</td>
<td>NO PRODUCTION RECORDS AVAILABLE</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>2,100</td>
<td>2,500</td>
</tr>
<tr>
<td>1979</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>1980</td>
<td>2,500</td>
<td>2,500</td>
</tr>
</tbody>
</table>
Although Society E only started in 1977 it already has had many problems. The management of the society is in the hands of an elected committee with a hired society manager. The calibre of the committee members and management is very high. They are all very highly qualified and some members have held high offices in the Department of Marketing and Co-operatives and some parastatals, however, the members have claimed that the Department of Marketing and Co-operatives was hostile to their society. The Department of Marketing and Co-operatives on the other hand felt that the society members were prosperous and farmed part-time and could manage their loans without Government assistance. The society is located only 10 km from Lusaka's main market and members sell their produce directly in the market or to NAM Board. Production on the average has been good and members are responsible for their own farms, though there has been no significant increase in their output since 1978. On average each member marketed about 500-1,000 bags of maize annually and output ranged from 25 bags/ha to 40 bags/ha. All the members interviewed knew they could extend their production and were willing to do so, especially as there are now three new tractors which the society members can hire.

Society F is a commercial venture on a much larger scale than societies D and E and has an annual turnover of K6 million. The management consists of qualified personnel with about 50 per cent non-Zambians hired on expatriate conditions. The chairman has overall charge of the society with directors, general manager, managers and branch managers responsible for implementing committee decisions. The society is affiliated to ACF but unlike the other primary societies, the relationship is a very informal one and there are few direct links with the Department of Marketing and Co-operatives and no Government loans are provided. Fertilizer is bought from NAM Board and then supplied to members or members may buy
their requirements directly. The production figures of each member were hard to get as members were reluctant to declare their past outputs and amounts marketed. Most members grow either tobacco or maize as their main crop with sunflower and groundnuts as secondary crops and some keep beef cattle. A lot of members sell their produce direct to NAM scard or TBZ. Each member cultivates between 20-1,000 hectares and production ranges from 25 bags/ha to 60 bags/ha under intensive cultivation. The commercial farming members named shortage of seasonal labour as a major constraint in increasing production.

Credit and Investment

While Society D was managed by Israeli experts, they negotiated funds from the Government, from banks and AFC and kept the accounts, records of income from sale of produce, stock replaced, investment and services to be provided. The elected committee and the members could not comprehend financial statements and hence knew very little of what was going on. The society became very successful in terms of production due to the high standard of Israeli management but their debts accumulated.

The society received generous loans and grants from credit institutions and the Government, (Table 6.7). By the end of 1979, the society had a total debt of K67,000 but the financial institutions thought loans would be recovered in time, however, by 1980 only K8,000 was repaid. Now few financial institutions are willing to assist them because of their past repayment record, poor book-keeping and lack of collateral, and general financial mismanagement. The Government stepped in and members were being gradually sent for training in co-operative principles and management in 1980.
Table 6.7 Loan Position of Society D

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>Loan (K)</th>
<th>Repayments (K)</th>
<th>Balance (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-1967</td>
<td>GRZ,COZ</td>
<td>36,442</td>
<td></td>
<td>36,442</td>
</tr>
<tr>
<td>1968-1970</td>
<td>COZ</td>
<td>18,500</td>
<td></td>
<td>54,942</td>
</tr>
<tr>
<td>1971-1973</td>
<td>COZ,AFC</td>
<td>10,300</td>
<td>1,600</td>
<td>63,642</td>
</tr>
<tr>
<td>1974-1976</td>
<td>APC</td>
<td>2,427</td>
<td></td>
<td>66,069</td>
</tr>
<tr>
<td>1977-1979</td>
<td>GRZ</td>
<td>1,200</td>
<td></td>
<td>67,269</td>
</tr>
<tr>
<td>1980-1981</td>
<td>GRZ</td>
<td>700</td>
<td>8,000</td>
<td>59,969</td>
</tr>
</tbody>
</table>

The society has a lot of fixed assets, which consist of poultry sheds and cages, a lot of modern irrigation equipment in good working condition and a van for transportation of produce to markets. The society's tractor was out-of-order temporarily.

Society E has had no financial assistance from the Government. A bank loan was obtained for K95,000 in 1978, of which K30,000 was an over-draft for operating expenses and K65,000 was medium term loan for machinery. In 1979, the society got a small loan of K9,000 from APC. The society bought three tractors and a vanette for hiring out to members and non-members. The tractor hire project has been quite successful and relatively popular with members, though the cost of maintaining the machinery was higher than the income generated in 1979.

All the loans for society E were negotiated privately and so far there have been no problems with loan repayment. The society has a complete set of audited books and has a chartered accountant to keep financial records. Members can get loans from the society on a 10 day credit basis.
6.7.3 Case Studies of Declining Capital Intensive Societies

Societies G, H and I are capital intensive societies located in the Central and Copperbelt Provinces, (Fig.6.1(b)), which have declining performance. They were all registered in 1966/67, G and H as farming co-operative societies and I as a settlement scheme. The main features are outlined in Table 6.8.

Table 6.8 Declining Capital Intensive Societies

<table>
<thead>
<tr>
<th>FEATURES</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Registration</td>
<td>1967</td>
<td>1966</td>
<td>1966</td>
</tr>
<tr>
<td>Type of Society</td>
<td>MPCS</td>
<td>MPCS</td>
<td>MPCS</td>
</tr>
<tr>
<td>Membership</td>
<td>14</td>
<td>14</td>
<td>699</td>
</tr>
<tr>
<td>Share Capital Paid(K)</td>
<td>5</td>
<td>50</td>
<td>1,370</td>
</tr>
<tr>
<td>Average Area Cultivated per member</td>
<td>2.5 ha</td>
<td>2.0 ha</td>
<td>3.28 ha</td>
</tr>
<tr>
<td>Total Area Cultivated</td>
<td>35 ha</td>
<td>32 ha</td>
<td>30 ha</td>
</tr>
<tr>
<td>Average Yields per member</td>
<td>24 bags/ha maize*</td>
<td>25 bags/ha maize</td>
<td>23 bags/ha maize</td>
</tr>
<tr>
<td></td>
<td>26 bags/ha sunflower</td>
<td>900 kg/ha cotton</td>
<td>Vegetables</td>
</tr>
<tr>
<td></td>
<td>10 goats</td>
<td>5 cows</td>
<td>100 broilers</td>
</tr>
<tr>
<td>Percentage Marketed</td>
<td>50-60% maize</td>
<td>60% maize</td>
<td>No Records</td>
</tr>
<tr>
<td></td>
<td>90-95% sunflower</td>
<td>10% livestock</td>
<td></td>
</tr>
<tr>
<td>Capital Investment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery (K)</td>
<td>31,240</td>
<td>20,000</td>
<td>250,700</td>
</tr>
<tr>
<td>Buildings (K)</td>
<td>228,600</td>
<td>168,640</td>
<td>276,500</td>
</tr>
<tr>
<td>Tools &amp; Equip.(K)</td>
<td>14,000</td>
<td>8,732</td>
<td>50,000</td>
</tr>
<tr>
<td>Others (K)</td>
<td>1,000</td>
<td>1,500</td>
<td>29,500</td>
</tr>
<tr>
<td>Total Capital Assets</td>
<td>254,540</td>
<td>66,272</td>
<td>750,750</td>
</tr>
</tbody>
</table>

*Maize = 90 kg; Sunflower = 50 kg
Society G was registered in 1967 with 10 members and now has 14 members who all belong to one family. The members farm communally and have no individual plots of land. The chairman said that if membership was open to anyone, too many people would join the society and it would be hard to manage and control all the operations. The society started with substantial grants and loans from the Government and other credit institutions. The society's main activity is production and marketing of maize and vegetables. In 1966, after the society was registered a mistake lead to 300 acres (123 ha) being declared stumped instead of 23 acres (9.4 ha). This error went unchecked until 1975. On the basis of the 300 acres of cleared land the society received much larger grants and machinery than its true size merited. The society has three tractors, complete with auxiliary equipment, one lorry, two 10 ton trucks, a plough, a cultivator and a grader. It has two grinding mills and a small fish pond. Considerable amounts have been invested in buildings not directly related to agricultural purposes.

Society H was registered in 1966, and is situated on a commercial farm of 2,046 ha, about 20 km west of Lusaka. It had 12 members and although membership has increased to 16, the area cultivated has declined. Society H had some Israeli assistance. The Israelis initially supervised the farm operations and checked their records of sale but the elected committee took overall charge of management. The chairman planned production and negotiated loans with Israeli assistance. The society started as a mixed-farming enterprise with maize and cotton as their main commodities and also kept cattle, goats and poultry. When the society was established it had a lot of machinery bought from the previous owner of the commercial farm. There was a tractor with trailer, plough, planter, two water engines and a cotton burner. Also there was a 12 ton silo and a main farm building. After the society was registered, they bought an electric generator, water pump and irrigation equipment...
Society I is a co-operative union with seven affiliated primary societies and 700 members. In 1965 there were 28 small farming societies, which amalgamated in 1969 to form the seven primary societies of the union. Society I, was an agricultural development and settlement project which materialised as a result of a joint agreement in 1969 between Zambia and Israel for technical assistance. When the Israelis took charge they did not favour the small primary society units and therefore formed one union comprising of two blocks. The objective of the scheme was to absorb settlers on farm units of 5-8 ha per member based on mixed farming. It was an experimental scheme: all the detailed physical planning was carried out in Israel upon the receipt of topographical maps of the region. Agricultural economic planning was done by the Israeli team in Zambia in conjunction with Zambian officials.

The physical planning of the two blocks was as follows:

(i) allocation of land to each farmer with his house adjoined to his land and livestock area;

(ii) allocation of small patches of plots to members in a village complex around a service centre.

Distribution of village fields was in respect of soil types and distance from farm houses. More labour intensive crops were cultivated nearer the farm house and village while the less labour intensive further away. Allowances were made for use of mechanical equipment for cultivation, weeding and harvesting and for extension services.

The first stage of the agricultural plan was to cultivate traditional crops and then as the farmers gained experience, more exotic crops under intensive cultivation could be started in the second stage of the plan.
All infrastructure such as roads, water supply, staff houses, school, storage sheds, consumer shops and machinery was provided for the members.

There were four different farm types as follows.

1. Field crops and layers 200 units x 5 ha = 1,000 ha
2. Field crops and broilers 90 units x 5 ha = 450 ha
3. Field crops and pigs 110 units x 5 ha = 550 ha
4. Field crops and vegetables 120 units x 5 ha = 600 ha

Total area under cultivation = 4,600 ha

The budget for the first stage was K648,500 and this did not include collective services such as education, health, agricultural extension services and Domestic water supply.

A great deal of farming machinery was bought by the Israeli experts, with the aim of having a large commercial enterprise. There were 50 tractors, 22 trailers, 31 disc ploughs, 14 disc harrows, 5 cultivators, 10 maize planters, 3 fertilizer broadcasters, 5 maize threshing (shelling) machines and two hammer mills. Over 70 per cent of this machinery is now out of order and this is discussed later under investment.

Management and Production

Society G was managed by the chairman and members were allocated work on a weekly basis. When interviewed the chairman was unco-operative and therefore little primary information was available on total annual output and marketed output. The members though friendly would not answer the questions raised. Secondary data on marketed output therefore had to be relied upon. The society usually marketed approximately half of its total output annually. The cropped area of the society increased from 10 ha in 1970 to 11.5 ha in 1971 (Table 6.8) but then it decreased to 7.5 ha in 1980 only 26.5 ha was cultivated according to Department of Co-operative Rules.
### Table 6.9 Marketed Output of Society G

<table>
<thead>
<tr>
<th>Year</th>
<th>Cropped Area (ha)</th>
<th>Produce Marketed</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maize</td>
<td>Sorghum</td>
</tr>
<tr>
<td>1967</td>
<td>10</td>
<td>50 bags</td>
<td>400 bags</td>
</tr>
<tr>
<td>1969</td>
<td>82</td>
<td>100 bags</td>
<td>300 bags</td>
</tr>
<tr>
<td>1971</td>
<td>123</td>
<td>1,200 bags</td>
<td>400 bags</td>
</tr>
<tr>
<td>1973</td>
<td>100</td>
<td>1,000 bags</td>
<td>300 bags</td>
</tr>
<tr>
<td>1975</td>
<td>80</td>
<td>600 bags</td>
<td>200 bags</td>
</tr>
<tr>
<td>1977</td>
<td>20.4</td>
<td>100 bags</td>
<td>260 bags</td>
</tr>
<tr>
<td>1979</td>
<td>20.4</td>
<td>100 bags</td>
<td>50 bags</td>
</tr>
<tr>
<td>1980</td>
<td>24.5</td>
<td>150 bags</td>
<td>50 bags</td>
</tr>
</tbody>
</table>

Source: File of Co-operative Society at the Department of Co-operatives

The Chairman did a short course on co-operative administration in Mauritius though none of the other members had any formal training.

Society H started in 1965/66 on a developed commercial farm which had been purchased by the State with money ($22,700) provided by COOZ on a mortgage basis and was leased for 999 years to the society.

In 1965 the Society cultivated a total of 300 ha of which 200 ha was maize and 50 ha of vegetables, fruits and other horticultural produce and kept livestock on the other 50 ha. They also had 6 bulls, 16 cows, 38 heifers, 300 pullets and about 3,000 birds. The Society's production increased initially (Table 6.10) but then dropped drastically and the Department of Co-operatives may liquidate it altogether unless a new manager is appointed.
Table 6.10: Production Data of Society II 1966 - 1979

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Maize (ha)</th>
<th>Marketed Output (bags)</th>
<th>Bulls</th>
<th>Cows</th>
<th>Goats</th>
<th>Poultry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966</td>
<td>200</td>
<td>2,000</td>
<td>6</td>
<td>18</td>
<td>300</td>
<td>3,000</td>
</tr>
<tr>
<td>1968</td>
<td>210</td>
<td>2,100</td>
<td>3</td>
<td>12</td>
<td>350</td>
<td>3,500</td>
</tr>
<tr>
<td>1970</td>
<td>150</td>
<td>1,500</td>
<td>-</td>
<td>4</td>
<td>200</td>
<td>3,000</td>
</tr>
<tr>
<td>1972</td>
<td>100</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>122</td>
<td>2,000</td>
</tr>
<tr>
<td>1974</td>
<td>70</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>890</td>
</tr>
<tr>
<td>1976</td>
<td>28</td>
<td>50</td>
<td>-</td>
<td>3</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>1978</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1980</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>600</td>
</tr>
</tbody>
</table>

Source: File, Department of Marketing and Co-operatives

The chairman had no total output or sale records or the quantity of maize retained by members for subsistence use. The information in Table 6.10 is derived from the file on the society, at the headquarters in Inanda of the Department of Marketing and Co-operatives.

Society II was managed by the Israelis from 1969 to the end of 1972. When the Israelis left, Zambians were appointed by the Government to take over management. Due to shortage of trained manpower, some essential staff, such as mechanics and accountants were not replaced.

In 1973 the union was managed by a project manager based in Lilongwe (30 km away) assisted by an agricultural officer and two assistant marketing officers. The society reduced its number of operations and concentrated on maize, poultry and vegetables. Production did not increase, and the members began to lose interest in the scheme.
All the planning was done centrally without member participation.

In 1975 a Re-organisation Committee was appointed and members elected from each village, however, the Re-organisation Committee was based in Ndola and the members could not communicate with them directly. The members had no powers to make decisions, there were three higher levels. Committee members had to consult the extension officers who then approached the project manager and finally, the project manager had to consult the Re-organisation Committee, which acted as custodian for the Government.

There were no production records available from 1966 - 1972, the annual production data from 1973 - 1978 (Table 6.11) shows a consistent decline though producer prices for all commodities increased considerably over this period.

Table 6.11 Annual Production Data for Society I 1973 - 1978

<table>
<thead>
<tr>
<th>VILLAGE</th>
<th>1973 (K)</th>
<th>1974 (K)</th>
<th>1975 (K)</th>
<th>1976 (K)</th>
<th>1977 (K)</th>
<th>1978 (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>780</td>
<td>12,343</td>
<td>16,276</td>
</tr>
<tr>
<td>2</td>
<td>62,948</td>
<td>99,573</td>
<td>48,537</td>
<td>15,237</td>
<td>14,824</td>
<td>15,990</td>
</tr>
<tr>
<td>3</td>
<td>78,204</td>
<td>81,412</td>
<td>46,481</td>
<td>13,314</td>
<td>5,748</td>
<td>5,409</td>
</tr>
<tr>
<td>4</td>
<td>83,113</td>
<td>85,747</td>
<td>24,271</td>
<td>21,790</td>
<td>7,516</td>
<td>4,494</td>
</tr>
<tr>
<td>5</td>
<td>94,304</td>
<td>134,358</td>
<td>34,725</td>
<td>4,703</td>
<td>10,477</td>
<td>5,939</td>
</tr>
<tr>
<td>6</td>
<td>148,449</td>
<td>150,723</td>
<td>45,133</td>
<td>23,891</td>
<td>7,905</td>
<td>4,623</td>
</tr>
<tr>
<td>7</td>
<td>76,985</td>
<td>109,574</td>
<td>84,422</td>
<td>31,883</td>
<td>5,826</td>
<td>2,432</td>
</tr>
<tr>
<td>TOTAL</td>
<td>642,202</td>
<td>751,795</td>
<td>283,569</td>
<td>111,306</td>
<td>71,429</td>
<td>15,363</td>
</tr>
</tbody>
</table>

Source: Department of Co-operatives
In 1978 each member earned on average K93 per annum although the Government had provided over K1,000 per member when the society started in 1969, and considerably more capital has been invested since.

Credit and Investment

Society G received a loan of K6,750, a tractor with implements worth K5,130, stumping subsidy of K9,000 and K3,450 for maize seed, groundnut and fertilizer to start production in 1967. The area cultivated by the society was only 23 acres (9.4 ha), therefore, the loans and machinery were not utilized most economically. By 1971 cultivated acreage increased to 300 acres (122.5 ha) but their investment in machinery had increased disproportionately more (Table 6.12). All the loans from CRZ and COZ were used to buy additional machinery and fixed assets rather than concentrating on agricultural production.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>INVESTMENT</th>
<th>Cultivated Area (ha)</th>
<th>Source of Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>Tractor with Auxiliary Equipment</td>
<td>9.4</td>
<td>CRZ</td>
</tr>
<tr>
<td>1969</td>
<td>Tractor with Auxiliary Equipment</td>
<td></td>
<td>CRZ</td>
</tr>
<tr>
<td></td>
<td>Water Pumps and Pipes, Grinding Mill, Lorry</td>
<td>30</td>
<td>CRZ</td>
</tr>
<tr>
<td>1970</td>
<td>Tractor, Truck, 2 Maize Shellers, Grinding Mill, 2 Warehouses</td>
<td>61.3</td>
<td>CRZ</td>
</tr>
<tr>
<td>1971</td>
<td>2 Plough, Truck, 4 Harrows, 2 Cultivators, Planter, Grader</td>
<td>122.5</td>
<td>CRZ/AFPC</td>
</tr>
<tr>
<td>1973</td>
<td>Buildings</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Co-operatives file, Department of Marketing and Co-operatives, Kilosa.
The society maintained no records of cash receipts and the only cash book was a subsidiary book in which vouchers of minor expenses were available with no detailed accounts of income and expenses. The society had invested very heavily in non-agricultural projects on the farm and a distance away. On the society farm, a dam was constructed to store water for irrigation, a work shop for farm machinery and other requisites and a village of 17 houses for the members had been built. The second location where investment had taken place was about 10 km away on the main road; here the society built a 10 bedroom guest house, a residential house, a retail shop, a bar and a petrol filling station, all with agricultural finance. It was very difficult to ascertain the financial position of the society’s business because of lack of information. The Chairman emphasised that the non-agricultural investment was security and collateral for future loans. Although it could not be confirmed, the society has K45,000 in loans from COZ and AFC and K10,000 from GRZ.

Society H was set up on a commercial farm bought by the Government for K23,300 and leased to the society. They further received K26,000 from the Government for a tractor and other requisites needed to enhance production. The society was initially assisted from 1969 – 1973 by Israeli experts in some operations and the elected committee managed the others. When the Israelis left, the society had no supervision of any kind, there was no qualified manager and no loans were repaid at all. The total amount outstanding in 1980 was K52,310. There were no records of how loans had been used and no investment in terms of new buildings or machinery was evident. Most of the machinery and farm buildings were bought with the farm in 1965. By 1960 one of the tractors was working, the other tractor had many parts missing and has been non-operational for 5 – 6 years. The electric generator was supposedly not working
but everything else seemed in good order. There was a cotton sprayer lying idle because the society does not grow cotton anymore. Society II though situated on a farm of over 2,000 ha, exists almost at subsistence level of agriculture output with very little of their produce being marketed.

Society I was primarily a re-settlement scheme, with the emphasis having been on infrastructure and capital investment. Since the introduction of the scheme heavy debts had been incurred. The allocation of funds was very generous during the period of Israeli management: the society got K200,000 per year to cover operational costs. The COZ granted K423,880 and in addition the Israelis had the freedom of securing funds through their Embassy. The easy and constant flow of loans to members led to abuse of credit. When diplomatic relations were broken between Zambia and Israel the annual grant of the society was reduced by 50 per cent. Similarly loans from AFC were reduced to K6,000 for field crops. The situation was further worsened by lack of transport and personnel.

Requests were made to Lusaka for horticulturists and other specialists in piggy, poultry and mechanical repairs. The Re-organisational Committee was formed in 1975, more loans were granted by CRZ and AFC to try and pull the society out of its problems (Table 6.13). Government also provided funds for the purchase of new water pumps, engines, tractors and maize mills.
production. All the machinery seen in the farm yards was in very poor shape. The society obtained 50 tractors but only six were working, the rest had vital parts missing and may not be economical to put back on the road. There were 31 disc ploughs, of which only 14 were intact, others had no rear tails or were just discs without frames. Of the 14 disc harrows only 2 were working, others had rubber wheels missing or were empty frames with no discs on them. The 5 cultivators and 10 maize broadcasters were all reduced to pieces of scrap, lying all over the farm-yard; only one maize planter was almost complete. Only two of the 30 trailers had wheels on them, the members felt they could not do anything, only the Government could get the machinery fixed. There were no funds to employ qualified mechanics or to buy the spare parts needed to fix most of the machinery. Some of the machinery could not be repaired because spare parts were not available in Zambia and had to be imported from Israel, however, foreign exchange was not available.

6.7.4 Case Studies of Declining Labour Intensive Societies

Societies J, H and L were declining labour intensive primary co-operative societies located in Central and Southern Provinces (Fig. 6.1 (b)). They were all registered in 1965 as communal type farming co-operatives. Although the societies varied in membership, size and other major features their structural layout followed a common pattern. The main activity of Society J was poultry keeping, both layers and broilers. Society K was mixed farming with maize on over 50 per cent of cultivated land and Society L was involved in field crops, maize and cotton (Table 6.14).
Table 6.14 Physical Characteristics of Societies J, K and L

<table>
<thead>
<tr>
<th>Major Features</th>
<th>J</th>
<th>K</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>48</td>
<td>53</td>
<td>15</td>
</tr>
<tr>
<td>Total Share capital (k)</td>
<td>10</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Average Area Cultivated per member (ha)</td>
<td>4</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Range of Area Cultivated per member (ha)</td>
<td>2-6</td>
<td>2-10</td>
<td>4-15</td>
</tr>
<tr>
<td>Total Area of Society</td>
<td>5 km²</td>
<td>10 km²</td>
<td>12 km²</td>
</tr>
<tr>
<td>Average Yield per member</td>
<td>90 poultry fowls</td>
<td>20 bags/ha maize vegetables</td>
<td>23 bags/ha maize vegetables</td>
</tr>
<tr>
<td></td>
<td>20 bags/ha maize groundnuts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage marketed</td>
<td>10-20% poultry</td>
<td>5-10% maize</td>
<td>30-50% maize</td>
</tr>
<tr>
<td></td>
<td>no maize</td>
<td>no vegetables</td>
<td>no vegetables</td>
</tr>
<tr>
<td></td>
<td>no groundnuts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livestock Kept.</td>
<td>Chicken: 2,000 broilers</td>
<td>20 pigs</td>
<td>20 broilers</td>
</tr>
<tr>
<td></td>
<td>1,500 layers</td>
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</tbody>
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*S90 kg bag of maize

Society J was in a freehold area and was surrounded by privately owned, mainly expatriate farms. The total size of the farm was 5 km². There were five fully-paid up members and these five members were from the original founding group of 20. Although originally formed as a poultry unit, commercial activities currently include vegetables and groundnuts. The poultry were kept in sheds constructed by members from local materials such as unbaked clay bricks and elephant grass. Leadership in the society consisted of the manager/chairman who allocated work, negotiated loans, found markets for the produce and kept account of...
sales etc. The chairman and secretary were the only members with formal education, most members could speak English but could not read or write. Besides the lack of formal education, most members did not know their role in the society. Few knew the monthly income or amount of loans obtained and sales of commodities were made without book entries.

There were many conflicts between the committee and ordinary members. The basic belief was that the chairman was the employer and the co-operative a Government institution. Work was distributed each morning to individual members, older members were given permanent assignments and the committee members got lighter manual work. The working day was fixed by the chairman from 6:30 a.m. to 4:00 p.m. with a break at 12:00 noon for lunch. The younger members felt they were treated as day labourers by the chairman. The society's dividends were based on length of time spent at the co-operative, position held in the society, nature of work done and size of family. Women were not allowed to become members. Most of the complaints, noted in the society's records concerned members selling poultry birds or other produce without consulting the chairman and pocketing the money. It was impossible to keep a strict check on members all the time. An appraisal of society J, showed that members abused facilities provided. There were few buildings except a large shed which was used for meetings, storage of fertilizer and seeds and bags of maize for marketing. All the cash was kept by the chairman. The cash book had only figures entered, without accompanying descriptions, in some cases numbers were deleted and written over, there were no payment vouchers issued and it was impossible to cross-check the amounts entered.

Although societies K and L were located in two completely different areas, their background and development were similar. They were rich producer co-operative societies and although not liquidated, they were inactive.
because no services were provided to their members. All the marketing services these societies are supposed to provide were being provided by the provincial marketing union. The societies are co-operatives only in name with no common services. The societies hold meetings annually and pay bonus to their members whenever the provincial union makes a profit. Neither of the societies has had any direct foreign assistance.

Society K had about 53 members and the society's centre was a brick shed used for informal meetings and as a mobile clinic. There were about 60 other farmers in the area. The society started in 1950 and according to some of the members it used to do much more business than it does now. Farmers produced maize, beans, potatoes and other vegetables. There was confusion in 1965, when members had to leave their old farms and stump new lands on a communal basis in order to qualify for a tractor, which never arrived. The society is never visited by the EPCMU or Co-operative Department officials. Books and other records of the society are kept by the secretary. Fertilizer is bought from EPCMU, which also supplies seeds and implements. The members did not know where to get credit after COZ was dissolved. Most members claimed they had repaid all their loans yet APC has not been willing to give them more credit since 1970. They had tried to keep cattle but not too successfully. The members were disillusioned by the fact that non-members and members were treated alike by EPCMU and they got no special services. Most members farm on individual family plots and market their produce directly to EPCMU.

Society L is located about 9 miles from an urban centre and grows maize as the major crop. The society has no good buildings except the small shed with the grinding mill which was bought with the starting money. The well with a pump was the only means of irrigation during the dry
season. The society provides no services, the Eastern Province Co-operative Marketing Union (EPCMU) collects their produce from the individual members. The main problem cited was maize not collected in time. In the 1978/79 season the society sold 486 bags of maize and over 100 were spoilt by Diplodia due to very late collection. The members do not get cash for their sales and often wait up to six months to be paid. Similarly for seed and fertilizer, the society has no tractor and therefore has to rely on hoe cultivation and/or hired tractors from the mechanisation unit. All this results in late planting and consequently lower yields. The agricultural staff visit the society to inform members of the various courses commencing at the co-operative centres, no advisory staff has been to the co-operative in the past few years. The Agricultural Finance Company provides no loans to the society though individual members may apply and get loans on their own merit. Sometimes members get loans but because of the AFC stop order policy, the EPCMU deducts money during marketing leaving very little cash for the members. The major constraint is lack of planning for the following season. Although the society is affiliated to EPCMU and ZCF they get no benefits as a society. The members felt they could diversify and increase their production but needed more loans, better irrigation facilities, transport to market produce in time, and extension staff from the Department of Marketing Co-operatives to assist with planning and record keeping. The Government does not have the means to provide any of these requisites and may in the future liquidate the society altogether.

6.7.5 Case Studies of Liquidated Societies

Societies M and N were located in the Eastern and Southern Province (Fig. 6.1 (c)), and illustrate typical examples of societies which started in 1975 or earlier but could not continue production and had to be
liquidated. Society M was established in the 1950's and was a producer co-operative growing maize and groundnuts. In 1969 five primary producer co-operative societies in the area amalgamated and formed a co-operative marketing union. The membership of the five societies was 466 with a share capital of K2,000 and had 17 marketing depots. Society M faced management problems and a lot of conflict and confusion arose concerning the role of the society and the provincial co-operative marketing union. Some services were over-lapping and the society was in direct competition with the Southern Province Co-operative Marketing Union (SPCMU).

The area of Society M was a stronghold of the African National Congress (ANC, Opposition Political Party) before the one party system was introduced in Zambia. In December 1972 ANC was banned and at the same time Society M was dissolved. Those who enjoyed positions of leadership in the banned political party, realised that they had lost their position in the co-operative society and this generated a lot of resentment. Society M was liquidated partly for lack of management and partly for political reasons. There was a multi-purpose co-operative society in the region which some people had joined but most of the 400 members went back to farming as individuals.

Society N was located in Eastern Province and was registered in 1965 as a communal type farming co-operative society. The society started with 12 members and 20 ha of stumped land. There are records of the society obtaining K1,500 as stumping subsidy but not of how the money was spent. In 1965 the members grew maize and groundnuts on 25 ha of land and vegetables on 5 ha. By 1969/70 their production had dropped to only 5-6 ha of maize per season. In order to make the society perform better it was amalgamated in a union with five other societies in 1971.
The union has one central mechanisation unit with three tractors, ploughs and other implements. Society N was about 10 km from the mechanisation centre and although they had their own driver, they seldom got a tractor in time for early planting. There were three tractors between 360 members and about 1,000 ha. There was only one tractor still working in 1975 due to poor maintenance. By 1976/77 most of the members of society N cultivated with hoes and got very poor yields and in 1978 the Registrar of Co-operatives ordered its liquidation because the members farmed on family plots without any services, no meetings were held and only 5 of the original membership of 14 were still farming in the region.

Society 0 was a producer society in the Southern Province with about 50 members registered in 1965. According to the information available from the co-operative files, it was prospering and in 1970/71 applied for a loan to buy 4 oxen. The officer who went to assess their need for four oxen felt a tractor would probably be more useful as the society was performing so well. By 1972 the tractor broke down and the society was in debt for K12,300. Loans could not be paid back. There were many letters of protest from the society to the Department of Co-operatives expressing their opposition to tractors. They wanted oxen as they were familiar with this type of agriculture. In 1972 the tractor was recalled and the society left without any mechanical means of ploughing. In 1974, the society went into voluntary liquidation.
CHAPTER 7

APPRaisal OF THE PRIMARY CO-OPERATIVE SOCIETIES IN ZAMBIA

7.1 Introduction

After examining the potential of co-operatives and reviewing case study evidence of the performance of a selection of Zambia's agricultural co-operatives, this chapter attempts an appraisal of the agricultural co-operative societies in Zambia. An assessment of their achievements and failures is presented in relation to Government expectations. In addition, the suitability of co-operatives in Zambia's agricultural sector is discussed and the reasons for their success or under-achievement are explored.

In Zambia, over 50,000 members are organised in primary co-operative societies. The services provided by these societies range from provision of credit or farm implements, supply of farm inputs, marketing, storage and transportation of producer and consumer goods. Multi-purpose co-operative societies, with two or more activities, are now officially encouraged because they are considered more appropriate for economic and social development in the rural community than single-purpose societies. There are approximately 120 multi-purpose co-operative societies in Zambia and, of these, only 25 per cent carry out more than two activities. Apart from the multi-purpose societies there are producer marketing societies, consumer co-operative societies and the producer and farm settlements.

The evidence from official reports and the case studies carried out, is that the performance of most co-operative societies in Zambia leaves much to be desired, even in areas of high development potential. For societies show an operating surplus, and a particularly sensitive issue is the propriety of the loans made to members. Of the problems faced by...
planning; implementation and control, emphasis has been concentrated
only on day-to-day tasks with little financial or other planning.
There appeared to be few records of accounting, or of control of stocks
and transport operations. Errors in book-keeping were common, debt
recovery was deficient and losses of merchandise in stock were often
undetected because of inadequate record-keeping and poor control.
Vehicles and tractors owned by co-operatives frequently broke down
because of poor maintenance and careless use. Lack of schedules and
coordination in machinery operations led to excessive mileage and
shortened the working capacity of the tractors.

7.2 Main Features of the Successful Co-operative Societies.

After reviewing the performance of the selected co-operative societies,
it was observed that there were some reasonably successful co-operatives.
The main features which emerged from the study of these successful
societies are analysed and presented to assess why some co-operatives
performed better than others.

There were six societies which showed fairly good results throughout
the study. With the exception of the Agricultural Trading Co-operative,
which was a purely commercial enterprise managed by hired expatriate
staff and run by commercial farmers, the others were multi-purpose
societies run by small-scale emergent farmers. They carried out
relatively simple functions and had small amounts of fixed assets.
Their services usually consisted of credit distribution to members and
the maintenance of a consumer shop operated by the society. Agricultural
requisites, such as farm tools, were not supplied to the members directly
but could be bought at the consumer shop along with non-agricultural goods.
Fodka and fertilisers were handled by the Board Agents, as was housing.
As they dealt in such items, therefore, not detailed in co-

On the whole, the labour intensive societies performed better than the capital intensive societies because they did not have to rely on machinery and usually had either their own oxen or family labour. Provided they got the seed and fertilizer on time, they could begin planting early. In most cases tractors were a hindrance. Members became too dependent on them and if one broke down, the production of the capital intensive society dropped dramatically for the season unless another tractor was hired quickly. Also, the excessively high level of loans which accumulated affected the societies' performance. The societies with the lowest debts, the Tobacco Co-operative in Eastern Province being an example, achieved the objective of self-sufficiency first. As mentioned in the last chapter, the members of the tobacco society had invested their own finance, and had borrowed from private money lenders to make the society successful.

Most of the successful societies had very little foreign assistance. Usually they either managed their own operations or had a government-appointed manager. When looking at the self-managing societies and those with a government-appointed manager, the societies which had been involved in their own management from the beginning were better than the latter.

It may be worth mentioning that, the members of the societies studied had past experience in farming and included a few who were trained and educated before they joined to form the co-operative. In one case, the members of a society, registered as a communal co-operative, were farming on individual family plots. Whenever they were approached by the District Co-operative Officers to farm communally the members always agreed, but never followed the Officers' directives and continued farming in a way which suited them best. Although the members had a high degree of trust in one another, and in their leadership, they did not like the idea of growing tobacco collectively because it requires specialised and intensive labour. Members thought it better to farm on separate plots. They did, however, buy their
seeds and fertilizers together and marketed the tobacco to the TBZ depot as a co-operative.

The majority of the members had worked as agricultural labourers and had been exposed to intensive modern agriculture. In another society studied, all the members had worked for European commercial farmers growing tobacco. The members had known each other before they had joined the society and trusted each other. They formed a tobacco co-operative because of their past experience. Although few members had been trained in the various aspects of co-operative management, their output and profits were exceptional. All members contributed one-third of their annual income to a joint account from which money was withdrawn when needed. They actually rejected government loans at one stage, partly because of a conflict with the Credit Organisation of Zambia, and partly to avoid Government interference with their management.

The level of autonomy of a society, that is, the self-management and control of the farm activities, appears to be a contributory factor in the success of a society. Looking at the selected co-operative societies, those with least government or expatriate assistance have performed better than those which were under the direct control of the Department of Co-operatives. Members of societies which, for some reason, could not get assistance from the various government agencies had to rely on themselves and make some financial contribution and, hence, had a personal stake in their societies.

Members' training and education levels were found to influence their attitude to loan repayments and record-keeping. In the successful societies a high proportion of the members had been on co-operative training courses and knew the difference between loans and grants. In some cases, the trained members took on positions of responsibility in
as Chairman, Treasurer, or Secretary of the society, thus influencing the decision making process directly. Though most of these societies had some records, there were very few with balanced and audited books.

Although no single feature can be pointed to as the main contributory factor in the achievements and success of the societies, it is thought that various combined factors may have resulted in some societies functioning better than others. The Agricultural Trading Co-operative from the Southern Province is very successful, although it has many functions and a lot of fixed assets and very complex and detailed management. This may be due to their well-trained and competent management and the highly experienced membership, comprised largely of commercial farmers. All the successful societies had maintained a steady membership since registration with very few resignations.

Some of the societies which started well, ended up in difficulties, ironically, through over-capitalisation and too much assistance from the Government. Reference may here be made to the declining societies among the case studies, to illustrate what can happen when a society is given too many loans, which in the end become disincentives to members.

The significant outcomes of over-capitalisation were:

(i) the societies were tied down with loans beyond their capacity to repay, hence their heavy indebtedness. Recovery by deductions, even in cases of relatively high productivity made it very difficult for members to earn reasonable incomes;

(ii) as a result of easy access to loans in the form of cash, some co-operative societies relied on hired labour while individual co-operators themselves engaged in non-agricultural and personal affairs.
Most societies which were established under the Settlement and Management Scheme of SIDA/FAO/GRZ after 1968 began with Swedish, Dutch and other foreign experts and the co-operatives which started under the Resettlement Schemes were managed by the Israeli experts. Most of the societies which were organised with foreign assistance started off enthusiastically, and at least initially were a great success in terms of high production. These societies were financed and manned by the experts and functioned very well when the experts were on the Schemes but collapsed soon after they had left.

7.3 Co-operatives with Poor Performance

Having reviewed the main features of the successful co-operative societies and those which started well but declined in production later, the experience of societies with poor performance is examined and the main features presented. The fundamental reasons for their under-achievement and failure are discussed on the basis of the objectives of co-operatives and conditions conducive to successful co-operation outlined in Chapter 5.

7.3.1 Under-achievement of the objectives of co-operatives

Traditionally, the objectives of co-operation ranged from self-help and grass root participation to welfare and distribution. They are still regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries. The observed co-operative societies in the study which have performed badly did not make positive contributions to the economic, social or cultural situations of the people they served. Often groups of people had formed co-operatives only to gain the immediate financial benefits, such as stumpings subsidies and other loans and usually left the society when these loans were not forthcoming. Though personal income may have increased in a few instances, there was little evidence of this in the rural areas, in most cases societies and most members of joint in the
various credit agencies. The contribution of the societies studied to national income, export revenues and employment was negligible. The majority of the members from societies had not attended any training courses and there was little rise in the level of technical knowledge. In short, hardly any of the objectives laid down by the International Labour Conference, 1966, and quoted in Chapter 5 were achieved.

7.4 Reasons For the Under-achievement of the Co-operative Societies

The reasons for such poor performance may be found by examining the experiences of the societies from the time they started in 1965. It was stated earlier that a co-operative requires a favourable social and economic framework within which to operate successfully.

Regulations and administration -

The co-operative societies studied were not spontaneous institutions, their formation had resulted from a government directive; The Chifubu Declaration, 1965. Although membership was voluntary in so much as nobody was actually forced to join co-operatives, the members had been positively encouraged by the local politicians and attractive incentives to form co-operative societies. The post-Independence Co-operative Movement was formed entirely due to Government initiative and efforts. The people who grouped together to form co-operatives therefore lacked the usual voluntary association for a common end, they did not recognise the meaningful objectives they could achieve through these institutions. The whole idea of co-operation was thrust on the people suddenly without them recognising and being prepared for the aims and concepts of co-operative farming. The very success of efforts to encourage co-operatives has been a cause of their failure. The Department of Co-operatives was not properly prepared and not geared to supervise and assist Demand co-operatives. There were only 185 extension officers in the Department of Co-operatives.
to deal with 800 farming co-operatives. The process of rural transformation is very complex and requires careful planning. It is evident that there was little or no planning. In most cases the extension officers could not go and visit the potential co-operatives before registration to check their viability because there were so few of them. Co-operatives were formed and registered in unsuitable areas with poor soils and little water, away from markets with few accessible roads. The Government had not planned the infrastructure and other requirements necessary to enable an operation on such a large scale to succeed.

In 1965, members did not have to contribute any capital in order to register a co-operative society, a group of ten people could form a society and be eligible for subsidies and loans. Once the societies were formed there was low participation in decision making and management because the members lacked training and experience, they did not know how to keep records and there was no provision for auditing. The level of production often was very low and after loan repayments and interest deductions there was little money for redistribution to members. With the lack of returns, members soon became disenchanted and dissatisfied with their society and often left to try something else.

Inadequate education and training -

The major weakness of the co-operative movement was a scarcity of trained members, competent managers and extension officers. Teaching the extension officers ways of effective communication, much depends on the status of education. The few members who had been to training courses had found them inadequate, formal and too complicated for daily co-operative activities. Lack of management skills, however, stood out almost every as the weakest link, because there was often the inability to upgrade increased supplies of inputs and credit even if labour, land and capital were available.
Provision of international assistance and aid to co-operatives -
It is recommended that, international aid should not entail any obligations contrary to the independence of co-operatives and should be designed to encourage rather than replace the initiative and efforts of the members of co-operatives. This was never the case in any of the societies studied which had foreign assistance. Governments and other aid-giving countries invariably dictated the conditions under which the aid could be used. Usually the aid consisted of financial assistance, qualified experts and machinery or other equipment. In most cases studied different agencies encouraged different forms of development projects with their aid and insisted on having their own experts manage the project. Local initiative was seldom encouraged and expatriates planned and managed the schemes they initiated. The lack of continuance of externally financed societies when such aid came to an end often caused promising societies to collapse once the expatriates left. There were hardly any locally trained managers in the societies managed by foreigners.

Lack of supervision and responsibility -
As there was a general lack of qualified personnel, the supervision could not be carried out effectively. The accounts of co-operatives were often not audited by a qualified organisation, thus good management could not be ensured by the Government which had encouraged the co-operatives. There was no federation of co-operatives and the Government had to accept all responsibility for promoting co-operatives, providing for education concerning co-operatives and for the training of office-bearers and staffs of co-operatives.
Failure of co-operatives as business establishments

Most societies failed completely as business establishments because they did not supply any materials to their members or market any of their products. The initial over-capitalisation and over-mechanization coupled with lack of managerial skills created establishments which failed to cover their cost of operations, let alone make a profit. The Government often assisted co-operatives with land clearing and ploughing and in securing seasonal loans from the Credit Organisations for buying the seed and fertilizer from NAM Board. Though production was their only major function, the low level of output resulted in failure to pay debts and a lot of the problems discussed earlier. The members often by-passed official marketing channels and sold their produce privately to avoid loan repayments.

7.5 Difficulties faced by Re-settlement Schemes

The re-settlement schemes were planned and managed by Israeli experts and were designed for collective production. The whole infrastructure was prepared and laid out in a selected location before the tenants or crops were chosen. The participants were mostly chosen from the unemployed in urban centres and from villages in surrounding districts with the same net results, which involved people moving into a pre-selected and pre-developed area. One of the first and major difficulties faced by the schemes was due to the heterogeneous mixture of different tribes and customs causing conflicts among members belonging to different groups. The Israelis managed the societies completely, they issued daily work rota, applied for and secured loans and machinery. The members' experience and knowledge of management was very poor due to lack of training.
After the Israelis left, there were few qualified Zambians capable of managing the schemes efficiently. The performance declined and although they were heavily financed by the Government, the production was very low compared to their initial output. The attitude of the members was negative as they had no investment at all and very little management control, they looked upon themselves as employees of the Government.

7.6 Failure of the Farming Co-operatives

Most of the farming co-operatives in Zambia are not functioning, they are either dormant or awaiting formal liquidation. Out of a total of over 803 farming co-operatives in 1971 most had ceased active production or had amalgamated into more viable multi-purpose co-operative societies. The main reasons for the failure of farming co-operatives were the large number of societies registered and the small scale of their operations. Their small scale and sparse distribution made it extremely difficult to provide effective services, especially because of the poor roads and the tendency of the roads to deteriorate during the rainy season. The remoteness of the producers added to the problems of providing services and inputs to them. In response to the political demands of the nationalist party, the Government set about creating public agencies to promote village-level farming. By all accounts, however, these agencies failed to allocate services properly. The result was that profits were not made and rural incomes stagnated. Indeed, the agencies in many ways seem to have operated in a way that plunged many producers into debt. The first of these was the extension officer of the agricultural department, whose goal was to increase agricultural production in the area. The means available to achieve this goal was his ability to record and forecast for loans, without which farmers could not contract for tractor hire or purchase seeds and fertilizer. The extension workers concentrated mainly in ten farms giving very little attention to education and training.
for improving farming methods and output. The second was the credit agencies - purchase orders for tractor power and for seeds and fertilizers had to be issued by October, so that farmers could prepare land prior to the onset of rains and finish seeding lands early in the rainy season. In the experience of farming co-operatives, year after year loans did not arrive in time thus delaying ploughing and planting, resulting in poor yields. The records reveal that delivery dates for tractor hire were late, often arriving in December or January and sometimes not arriving at all. Often the tractors which arrived did not perform properly and could not be used. Similar problems occurred with the marketing services, more often than not, fertilizers and seeds arrived late or in improper amounts, or were left miles down the road from the inaccessible producers. Erratic deliveries led to late planting and therefore lower yields and earnings. In some cases societies over-ordered farming requisites to safeguard against provision of essential supplies which resulted in even greater debt.

7.7 The Development of Multi-purpose Co-operatives

In January 1970, the First National Co-operative Conference was held in Lusaka. This conference was important because it gave the movement an opportunity to discuss the change from farming to service co-operatives. The conference recommended a change to service co-operatives and discussed several details of the issue. An important problem was the indebtedness of the farming co-operatives. If these were liquidated it would mean that debts were automatically written off. On the other hand if the farming co-operatives were amalgamated with other societies and continued their activities as before, their chances of achieving self-reliance and viability would be very small, especially if they had to repay debts against which they had very limited assets. The last option
was, therefore, to reorganise the farming societies into multi-purpose co-operatives so that they would not only be viable co-operatives but would be able to function well and repay their debts.

The Co-operative Centre field work campaign, carried out by GRZ/SIDA in 1989, conducted intensive research on the feasibility, viability and other important aspects of the multi-purpose co-operative societies. They found that using the criteria of 5,000 bags of produce or 5,000 heads of cattle and at least 300 families within an area of 30 km², a total of 326 locations were suitable. Out of these 326, 169 societies already existed in 1980. The present policy is to continue to encourage the development of the multi-purpose concept because it is felt that a society with multi-functions is liable to be more self-sufficient and successful as it does not rely on too many outside agencies for its requirements.

The progress of the multi-purpose co-operative societies and unions has not been analysed officially at a national level and it is hard to assess their performance as they are still in the development stage.

There were many reasons for the inefficiency of the agencies mentioned, their personnel were often unskilled and untrained. It was extremely difficult to keep tractors and vehicles in good repair in areas where mechanics and workshops as well as parts and equipment were scarce. The main problem was simply that the agencies lacked incentives to be efficient. Having been instituted in areas where private markets did not function, there was no competition and producers could do very little except wait.

According to Government reports the failure of farming co-operatives was due to the wrong attitude of the producers, they were not interested in long-run results, but only in short-term cash gains. This desire for profit is reflected in the members' preference for storing as much as possible
to planting. The attitudes of the members thus affected their response to the co-operative movement. There was no long-term loyalty. The poor services provided by the Government and the lack of positive returns caused disillusionment at all levels. Lack of success led the Government to change its policies regarding co-operatives and before the objectives of one policy were understood and implemented at 'grass root' level, further changes had already occurred at the 'top'.

From evidence in the case studies it appears that this pattern of performance is repeated throughout Zambia. In the five Provinces studied, although co-operatives were enthusiastically received and broadly subscribed to, the number and percentage of failures has been very high. Indeed, at the time of research in 1980, the process of de-registration of moribund societies was still going on. Records at the respective Provincial Offices revealed a broadly distributed state of decline. The fate of the farming co-operatives illustrates the major difficulties faced by the Government and its agencies in their attempts to raise rural incomes.

Summary

According to the GRZ/SIDA Report of 1978, the major difficulties in the development of the co-operative movement were due to the limited understanding of the co-operative principles among part of the membership and potential members. Most of the constraints the report noted, are external to the co-operatives. Some of the most important seem to be:

- that the movement to a large extent has been built downwards from "the top", resulting in some cases in a rather low motivation within primary societies;

- that the official marketing and price systems for agricultural produce are not designed to promote the efficiency and economic independence of the co-operatives;
that the co-operatives have hitherto had difficulties to attract and retain high calibre staff.

A common feature has been the lack of clear policy formulation and inadequate methods of implementation right from the start. The conditions conducive to successful co-operation were not fully met. The legislation was carried over from the colonial era without amendments to suit local conditions and requirements. Education and training were, and still are, insufficient because of lack of Zambian and expatriate education specialists and an absence of appropriate administrative systems for co-operatives and the corresponding teaching materials. Moreover, most of the training activities before 1974 were located in the Southern and Eastern Provinces - which show the highest agricultural and co-operative development potential. Staff training and in-service training was not given priority in the past. Accounting and control systems were not introduced as a pre-condition for the registration of societies.

All the successful co-operatives (with the exception of the Agricultural Trading Co-operative) were multi-purpose societies, run by small-scale farmers. Most had simple functions and very small amounts of fixed assets. It was observed that, on the whole, the labour intensive societies performed better than the capital intensive societies. Labour intensive members had their own oxen and family labour and did not have to rely on hired machinery or wait for machinery to be repaired before planting.

The relative failure of many co-operatives can be explained by many reasons, but in the end, it can be put down to an underestimation of the difficulties that existed in developing a backward rural sector, whilst processing only limited indigenous resources in terms of capital and skill. Further, the targets set were usually over ambitious.
CHAPTER 8

RE-APPRaisal AND CONSIDERATION OF THE FUTURE OF THE CO-OPERATIVE MOVEMENT

8.1 Introduction

After studying the cases of a sample of selected co-operative societies in Zambia and drawing inferences from their performance, this chapter looks at the co-operative movement as an integral part of the agricultural sector. In Chapter 4, the development of the co-operative movement and the achievements of the government policies were set out. The co-operative movement was expected to increase and diversify output and have a major impact on overall agricultural production. The present policy of the Third National Development Plan is to increase production of agricultural commodities, particularly maize, groundnuts, sunflower, tobacco and soya beans. The study and appraisal of the selected co-operative societies showed that the primary co-operative societies in fact contributed very little in terms of increase in total marketed output. This chapter will examine the present state of the co-operative movement and changes needed to ensure greater success in future. The assessment is extended to include the Government's and officials' roles and the potential of agricultural co-operatives in the development of the agricultural sector.

8.2 The Government and Co-operatives

In Zambia, the Government exercises jurisdiction and control over the co-operative movement with two instruments: the Co-operative Act and the position of the Registrar of Co-operatives created by the same Act. Both are vestiges of the colonial period which have been extended and strengthened after independence. Co-operation has remained the policy
of the Government and it supports the co-operative movement actively in its organisation, often participating directly in policies, control and management. There is a strong link between co-operation, Department of Co-operatives and government policy. The Government still views the co-operative movement as an effective instrument suitable for achieving the development of the rural areas.

The major feature of the agricultural sector in Zambia, as discussed in Chapter 3, is the sharp contrast between the commercial and the subsistence farmers. The subsistence farmers have few means of organising themselves to achieve economic benefits without disrupting their traditional social structure. They have little or no access to education and therefore their ability to participate actively in organisations dealing with complex developmental functions such as management, marketing and financial institutions is limited. Without Government initiative and intervention no significant change can be expected due to lack of essential resources like capital and skilled labour. It is, therefore, important to recognise that Government assistance is essential, though not always popular, in Zambia's case. Only the Government, through its fiscal, budgetary and other policies could achieve the massive transfer of resources needed to make rural development effective. The Government alone can provide the environment in infrastructure, services and sources of supply without which the co-operative movement in Zambia would not be able to function at all.

After recognising the need for Government and hence political intervention in the policy formulation for the development of the co-operative movement, it may be easier to understand the relationship that exists between the two. Essentially the Government envisages a passive and supportive role, but the low level of organisation of the rural masses.
often requires a much greater role for the administration in policy making for the co-operative movement. The role of the government is clear: official policy aims to aid and encourage co-operatives with legislative, financial and technical assistance. Official attitudes towards co-operatives and relations with the co-operative movement, however, vary widely within the administration. The present policies appear impeccable at least in the spirit and the letter, but in practice the co-operative movement in Zambia is under the direction of three bureaucratic authorities: the Civil Service, the Minister (Department of Co-operatives) and the local politicians. The point is that, it is not so much the role of the government or the official policy that is affecting the co-operative movement at present, but the way in which the government accomplishes the policy objective. For instance, there are proposals to make the co-operative movement the main marketing institution by the end of 1981, yet at the time of enquiries in late 1980, there appeared to be little planning or research to assess their potential in this field. The main problem seems to be lack of co-ordination at the different levels of organisation in the administration.

8.3 Structural Reforms Necessary for the Future Success of the Co-operative Movement.

If the co-operative movement is to be effective in rural development in the future, government investment in technology, infrastructure development, market information, education, training and management skills are necessary. Keeping in mind the vital role of government and assuming that it will continue to favour the development of the co-operative sector as an instrument for rural development, the changes needed to ensure the future success of co-operatives are discussed below.
(a) Changes needed to make existing co-operatives successful.
The way in which new co-operative policies are presented to the people is unsatisfactory. They should not be put forth as the last resort but as positive means of achieving particular objectives. The objectives should be set out clearly and in such a manner that they are easily understood and implemented. The benefits to the participants should be assessed and explained to present and potential members.

Education and training of the co-operative officers and extension staff should be especially geared to mass or group communication and methods of dealing with semi-skilled farmers. Past experience has shown that a large number of farming societies went into voluntary liquidation because they could not get assistance and advise on how to get started and operate effectively. Education of the co-operative staff is perhaps the most essential ingredient needed for Zambia's co-operative development. The existing co-operatives would perform better if their members were educated and trained in co-operative management. Practical courses with easy-to-understand methods for record keeping, checking, stock-taking and assessing input requirements should be taught, not on a formal teacher-student basis but informally as near the primary co-operative site as possible. The ultimate aim of the education programme is training the farmer to assess and solve his problems. If there are good extension officers readily available, members could be taught to distinguish good and bad practices in their daily co-operative activities.

Another change that would help would be in the Government's attitude towards co-operatives. There should be less interference in the internal organisation of the co-operatives, they must be permitted to develop in their own time, at a pace which suits the members and management.
Though some co-operatives may decline in performance or even collapse, they often improve on the rebound by learning from the errors of the past. At present a lot of co-operatives do not make much effort to become self-sufficient because they know the government will assist them anyway.

Primary society members must first know what a true co-operative is, in many cases they do not know the purpose of the society or farm, only what they are told by Government officials. Assuming that once members learn the aims of the co-operatives and are willing to carry on, they could participate more actively in achieving the objectives. They could invest more in 'their' society and learn to be self-reliant.

Their objectives should conform with the aims of the agricultural policy which is to generate additional production, not only to make the rural areas self-sufficient but also the generate incomes in the rural areas. The members should be aware of the fact that they own their business and have full power to make and influence business decisions. Members should realise that though managers are usually answerable only to the elected committee, the elected committee is ultimately answerable to them.

(b) Changes needed to make new co-operatives successful.

It is obvious that co-operatives rarely originated spontaneously and from within the subsistence rural communities of Zambia. The initiative almost always came from outside, on the part of some person or agency interested in establishing co-operatives. If the Zambian Government is to continue using co-operation as an instrument of rural development and more co-operatives are to be formed, it would be advisable to adopt a different approach. There is need for a comprehensive economic and social survey on ways to introduce and assist the co-operative idea in the existing subsistence and rural communities in Zambia.
The system should have flexibility in structure, methods, rules and procedures, while retaining the essential concepts and principles of co-operative organisation. The common assumption of earlier times, that co-operatives are automatically suitable because rural communities in Zambia traditionally functioned on a communal co-operative basis, needs to be re-examined. The traditional and informal type of co-operation is different from formal co-operation in business and economic transactions and the latter does not have to evolve from the former. The Zambian experience with the farming co-operatives in the past illustrated this fact clearly.

As mentioned earlier, there is little time to wait for spontaneous associations in Zambia because of the urgent need to increase the agricultural production and incomes of the rural areas. The role of Government is of paramount importance in initiating and encouraging the formation of co-operatives. If a group of people show interest in forming co-operatives, they should not be allowed to register at once. Just as the need for comprehensive and reliable survey data is essential for a proper assessment of the needs and potential of a community, so a worked-out programme, subject to evaluation is essential to the success of the project. The survey identifies the problems; programme planning and evaluation as the necessary techniques of measuring the potential need and future viability of the project in the particular community. The viability of a co-operative society should be assessed, along with the experience of the intended members, by the Department of Co-operatives. The whole community should be taken into consideration rather than individual factors and the problems should be tackled as a series of inter-related issues involving all the relevant factors such as agricultural technology, trade,
water supply, credit markets, social amenities, health and education. Clearly, if the government was to become fully committed to this strategy, almost all the government and official apparatus of the country would have to be reorientated towards education and production of trained manpower. Alternatively, only as many co-operatives should be developed as can be assisted properly.

The quality of project personnel is critical to success or failure. Only after the Department of Co-operatives is well equipped and organised with educated and trained personnel should it encourage more widespread development of the co-operative movement. Potential co-operative members should be trained in managerial skills and other major aspects concerned with the usual functions of a co-operative society. The extension worker dealing with co-operatives should have a basic education in agriculture and a reasonable expertise in farm economics, a feel for human relations and an understanding of rural sociology and psychology. The ideal extension worker should be fluent in the language of the farmers and live in the area and as far as possible become a member of the community. The status of the extension worker should be clear, and his authority and responsibilities properly defined otherwise his performance and efficiency is greatly reduced. The role of the extension or agricultural officers in the past was ill-defined; their main function was to recommend farmers for credit and very little attention was paid to technical advice. The extension worker has several options open to him in transmitting technical advice. He may display simple posters throughout the project area; where the level of literacy permits he may write letters; he may hold evening meetings or 'open days' on demonstration sites.

The amount of financial government assistance should be minimal unless a co-operative proves itself worthy of funds by performing well initially on its own, or if grant aid is necessary for
adoption of new practices such as irrigation or poultry farming. The development of an effective co-operative system depends primarily on the development and training of the people. Subsistence farmers are usually reluctant to change and often content with their existing lifestyle. Sometimes they are suspicious of innovations and assistance because they do not understand the reasons for the assistance and the aims of the organisation. The Government's most valuable role in developing new co-operatives should be in supporting programmes of education and training and in encouraging local leaders, who feel the need for co-operatives and can recognise their benefits, to get appropriate training and assist in over-seeing the community.

As noted earlier, the major constraint in the development of the co-operative movement within the agricultural sector, apart from lack of skilled manpower, was inadequate infrastructure such as all-season roads and markets for local produce. Under the present economic circumstances it is not possible to construct new roads to all potential co-operative areas and therefore it would be advisable to start with the existing infrastructure. Zambia has a good road and railway network by African standards and the best agricultural lands are located around these routes. One possible and obvious solution would be to adopt a 'peripheral development' approach. That is, the initial objective of the Government could be to give priority to agricultural development in areas with existing infrastructure initially. This option would divert resources away from the existing urban areas to the rural areas with higher development potential by encouraging co-operatives. In the past, it has proved impossible to direct and maintain skilled personnel in very remote regions of Zambia because they do not like to be far from urban centres. This approach would yield better results as the project areas would be located along and around the existing developed regions and it should be easier to create markets for their agricultural produce.
After the priority region for agricultural development is selected, the co-operatives should be encouraged to grow crops like maize, groundnuts, wheat, sunflower and soya beans, which would make Zambia self-sufficient and reduce agricultural imports. The sort of co-operatives to be promoted should depend on the region under review. In most cases the present service or multipurpose co-operative societies would be suitable because they would be responsible for all their activities. The society should have the facilities to carry out the appropriate operations and the Government's responsibility should be to make sure the facilities exist. If the society has the infrastructure available, there is no reason why they should not succeed. The ideal situation when receiving international assistance is one in which the government takes major responsibility for building the general economic infrastructure, while the expatriates jointly work on developing the co-operatives, especially the education and training of members.

8.4 Co-operative Marketing

At present, primary co-operative societies seldom deal with any marketing activities and rely entirely on NAM Board and the provincial co-operative marketing unions for their seeds, fertilizers and other requisites and for marketing their produce. In future it is proposed that the provincial co-operative marketing unions will take over and have a monopoly of marketing all agricultural produce. If co-operative provision of credit, supply of capital goods and agricultural marketing is to be promoted at grass root levels, then small producers must be induced to participate to some extent in the commercial activities involved in launching their products in the markets. The objective of rural development programmes is not only to generate substantial marketed surplus, but also to ensure sufficient food and better incomes in rural areas. Once the aim of surplus production in rural areas is achieved the Government should proceed with
the development of storage and processing facilities. For instance, if a region grows surplus maize, groundnuts, sunflower or soyabean, there should be facilities to grind the maize into maize meal for local consumption and stock feed for the cattle, pigs and poultry. Similarly, the groundnuts and sunflower should be processed into vegetable oil and oil cake as near the production centres as possible. This would reduce the costs incurred in transporting bulky produce to urban centres to be processed and then sold back in rural areas at high prices.

The idea of multipurpose co-operatives is not new but the integrated approach is and it should be recognised that this is a long-term project. If it is easy to list the reasons for failure, it proves far more difficult to put into operation all the necessary corrective measures. Indeed, the obstacles to co-operative progress are many and proceed mostly from the state of under-development of the rural population. Lack of appreciation of the structures required and of the complexity of the marketing problems to be resolved usually generate a superficial and hasty approach. The usefulness of co-operation among producers, in both acquiring supplies and in marketing produce is considerable and needed if the rural areas are to develop effectively.

8.5 State Farms

Another policy which has been given a great deal of attention and publicity is the formation of state farms. There is very little information available on the exact arrangement and procedure for implementing this proposal. During an interview in 1980, President M. B. S. Nkrumah, at the State House, indicated that the proposed state farms would be manned by expatriates from all parts of the world.
Although they would start as state farms "helped by various countries, there will be workers there working for the State, the idea is eventually to train these people to run these co-operatives themselves on the basis of self management along the lines of Yugoslavia". "The idea is to move the State farms to the middle - and the peasants to the middle, once you organise the peasants to produce for themselves - in the end you bring them up to form their own co-operatives ... how long it will take us depends on our ability to train manpower and raise facilities, our decision is that these state farms will ultimately become co-operatives". Apart from this interview there was little information on state farms provided other than that they are to be a part of a 10 year programme known as "Operation Food Production".

8.6 Re-appraisal of Requirements for Grants

The usual litany of reasons given for the failure of co-operatives in Zambia includes lack of education and experience in business and lack of capital in the rural areas. A high literacy rate is, of course, an advantage and small farmers need capital if new practices are to be adopted. But it should be remembered that many of the most successful co-operatives in developed countries started with virtually no capital. Large amounts of capital are by no means the most important requirements for a successful co-operative movement. The millions of Kwacha distributed annually to villagers in the form of long term and seasonal loans for fertilizers, seeds and insecticides were by and large mis-used. Only 30 per cent of the loans distributed were repaid, and the impact of these loans on increased agricultural output was not significant. Similarly the various grants of money given as startup subsidy, $50 for each acre of land officially certified cleared for cash crop cultivation, contributed very little to the total area under cultivation. But we...

*Personal Interview with the President, Dr. K. N. Kaunda, State House, Lusaka, 17th August, 1960.*
cleared but once the stumpingsubsidy was paid it was seldom cultivated. With 50 acres of stumped land, a co-operative society qualified for a grant to purchase a tractor. As discussed in the earlier chapters, the tractors proved to be more of a draw-back than an asset because of lack of trained manpower and the cost of maintenance.

There is a need to re-appraise the requirements for grants; they should have been related to output and not just land cleared. Grants should be incentives to encourage farmers to achieve certain targets not bribes to induce people to join co-operatives. Credit is a key factor in agricultural development along with the supply of farm inputs and marketing channels but it should not be considered the only factor. In the past the role of capital was over played in Zambia. When profitable innovations and markets for output exist, even small subsistence farmers purchase inputs for cash and can organise themselves spontaneously to take advantage of group sales. Where feasible, such spontaneous group or cash purchase of inputs should be encouraged. This minimises complex grant and credit administration and mobilises rural savings. Viable farmer organisations can often be developed in this way. Alternatives to credit distribution, such as input subsidies, also need to be explored more systematically.

8.7 Agricultural Co-operation and the Development of Agriculture

The potential of co-operatives was discussed in detail in Chapter 3, it was noted co-operatives can prove instrumental in the improvement of the rural sector and few institutions offered such opportunities to the isolated subsistence farmers. In the Zambian case, co-operation could help in the development of the agricultural sector. The structure of the agricultural sector, as discussed earlier, consists of a total of about 700 co-operative farmers who produce mainly for the market and a very large number (over 60 per cent of the population) of small scale farming
units which produce largely for subsistence and very little for marketing. The imports of agricultural produce use up valuable foreign reserves which could be redirected for other purposes. Besides this consideration, Zambia has sufficient agricultural potential to be a net exporter of agricultural products. This potential is least utilised in the rural areas. The transformation of the traditional sector is not easy and the one-off solution, whether it is irrigation, mechanisation, fertilisers, new hybrid seeds and so on, hardly works. Many factors have to be taken into consideration simultaneously before the traditional agricultural sector becomes more productive. Perhaps there may be a need for transitional stages before it becomes fully commercialised and responds better to market conditions.

Though substantial structural and political reforms are needed, co-operatives still seem a potentially effective means for developing Zambia’s rural areas. When genuine effort is made, co-operatives can and do prove instrumental in increasing the agricultural output of the rural areas. Among functions which co-operatives can usually perform for the subsistence farmers are:

- developing economies of scale;
- generating bargaining power;
- distributing risks;
- giving access to technology and to managerial skills;
- favouring exploitation of local resources and talents;
- breaking their isolation.

Co-operatives are difficult organisations to handle in any society, particularly so in the Zambian environment because of its past history, economic conditions and community attitudes. It is possible to use co-operatives in Zambia for agricultural development. To increase the
The need for government, and thus political intervention in policy formulation for co-operative development has been shown. The subsistence farmers have few means of organising themselves effectively without government assistance. Though the government would like to adopt a more passive and supportive role, the low level of organisation of the rural masses often requires a much greater role for administration in implementing policy regarding co-operatives.

The changes needed to ensure the success of the co-operative movement consist of: more effective government investment in the education and training of co-operative staff and personnel, investment in technology, infrastructure development, market information and management. Despite their poor performance in the past, co-operatives still seem Zambia's best option for developing the rural areas under the existing constraints. There is need for a complete change in policy emphasis, instead of giving out vast amounts of loans and grants and increasing mechanisation, the funds could be used more effectively to: (i) set up co-operative education programmes in the rural areas to train personnel; (ii) ensure the supply of basic inputs such as seeds, fertilizers and water; (iii) improve the marketing channels.
Economic and social developments in Zambia led to an unbalanced dual economy in which a relatively rich line-of-rail region contrasts with a poor rural sector. The regional inequalities are caused by the location of the major mining and manufacturing activities, most of the commercial farms, almost all wage employment and all major towns along the line-of-rail. This disparity has not disappeared in the years since Independence and is likely to be aggravated in the future by further population drift to the line-of-rail. Farming is generally not regarded as a source of substantial cash income in the rural areas and this attitude hampers rural development. Young people who could form the potential manpower for commercialisation of traditional agriculture, leave the rural areas while the remaining people tend to be among the most conservative.

For the pre-independence period the State was faced with a rural development problem and a distinction was made between African and European agriculture. The development of the traditional (mainly rural African) agricultural sector was neglected for a long time, mainly to reduce competition with the commercial European Farmers. The National Development Plans formulated after Independence recognised the wide gap between urban and rural standards of living and stressed the importance of developing the rural areas. Although the sectoral objectives of the First, Second and Third National Development Plans always included expansion of agricultural production as top priority; an analysis of expenditure showed that investment in this sector, judged by allocations to the Ministry of Agriculture for Rural
Development) was seldom more than 12-15 per cent of the total national budget. The standard of living in rural areas is believed to have actually declined and increased self sufficiency in staple foods has not been achieved.

In all the National Development Plans since Independence, the main goal has been to develop agriculture in the rural areas. Various strategies were formulated and a number of policies devised to achieve this aim. Although agricultural co-operation was one of the major strategies selected, the emphasis given to co-operatives as a means of rural development varied from one plan to another. Each development plan had its own characteristics and priority on co-operative policies. There was a continual reassessment and redirection of government policy in response to weaknesses in the performance of the agricultural and co-operative sector and a growing disparity emerged between rural and urban development. The major course of this disparity has been the very poor performance of the rural sector since Independence.

In this study the whole range of agricultural co-operative activities have been examined from economic, social and political points of view. The fact that co-operatives started small and in an atmosphere of optimism and good-will meant that often little thought was given in the early years to personnel relations and management. In Zambia the introduction of production co-operatives represented a new beginning, a clear divergence from the past agricultural structure. It was almost always a new experience for the participants themselves, as well as the government bureaucracy.

The system of co-operatives upon which the planners had based their hopes for a successful rural development programme proved disappointing,
concentrated only on recommending farmers for credit and gave very little attention to technical advice on production methods.

Independence in Zambia meant changes in political economic and social organisation. People in rural areas felt that they had fought hard to get a new government which would develop programmes to enable them to prosper. Co-operatives were therefore formed with the members having expectations of receiving higher incomes. As long as members benefited financially from the co-operatives, usually as a result of grants and credit, they supported the movement, when this ceased, they quit.

Many of co-operatives registered were 'artificial', formed in general disregard of the traditional co-operative principles which they should have represented. Some of the societies which began well ended up hampered, ironically, by over-capitalization imposed by officials. Expensive inputs left most societies with loans beyond their capability to repay, hence the heavy indebtedness. Members seldom understood the difference between loans and grants. Loans were sometimes regarded as payments for their labour, a sort of income from the government. NAM Board's policy was to deduct interest charges from the payments for produce until the sum borrowed had been repaid. With little or no income coming in most co-operatives withdrew their labour from co-operative farming to concentrate on family plots and sell their produce privately. When members found that their earnings from the co-operatives were lower than anticipated and often late in arriving, disillusion with the co-operative ideal grew.

The limitations of co-operatives in reaching the rural farmers of Zambia arose from a combination of factors and for a majority of them
Co-operatives in Zambia were frequently formed with an inadequate knowledge of the actual constraints faced by the underdeveloped rural sector and the steps needed to alleviate these constraints. As a result, there was no critical examination as to whether co-operatives were the most appropriate institutions to tackle these constraints and, if so, the prerequisites necessary for their success. Leadership, management, experience and technical skills, all of which are crucial for co-operative organisations to be effective, received little emphasis in co-operative development. The concept of existing 'grass-root' organisations and their potential for promoting mass participation was given more attention than it deserved.

Zambia has employed experts and volunteers from Denmark, Sweden, Israel, Canada and the Netherlands. In the field the experts were engaged in information collection along with the Department of Co-operatives field officers and the writing of hundreds of reports, letters and memoranda on the state of co-operatives in the areas allocated to them. Their reports were usually articulate, well-organised and had convincing arguments, which often had a major impact on subsequent co-operative policies. Expatriates were instrumental in the reorganisation and subsequent changes in policy.

Although it was not possible to calculate the exact impact of international assistance on co-operative development in Zambia, judging from the case studies, assistance at 'grass-root' level was not always beneficial. Expatriate assistance at primary society level often had a negative impact on the long-term survival of the co-operatives. Almost all the societies studied which had expatriate assistance performed well initially but their production declined as soon as the expatriate assistance was withdrawn because the expatriate
had undertaken practically all the management functions and had not paid sufficient attention to training the Zambian co-operative members.

The performance of co-operatives in developing the rural areas and their impact on the incomes of subsistence farmers has been debated in numerous studies and conferences in Zambia. The situation, though bad, is by no means all negative and discouraging. There are some reasonably successful co-operatives in Zambia but less is known about them because so much attention has been paid to the failures. It is worth noting that all the reasonably successful co-operatives in the case studies (with the exception of the Agricultural Trading Co-operative) are multipurpose societies.

The government policies for agricultural pricing, input distribution technology, infrastructure development and regulatory functions have been poorly thought out. The objectives set for a co-operative must, in the first place, be those of the members and their elected leaders, not merely those of the government which may be promoting them. The potential of co-operatives can prove instrumental in the improvement of the rural sector and few other institutions offer such opportunities to the isolated subsistence farmers, though substantial structural and political reforms are needed to ensure that conditions conducive to co-operation exist.
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SELECT BIBLIOGRAPHY

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### APPENDIX A

**LIST OF QUESTIONNAIRES, THEIR CONTENTS AND SOURCE OF INFORMATION**

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<th>Questionnaire Number</th>
<th>Contents and Source</th>
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<tr>
<td>2.</td>
<td>General background information on the whole co-operative sector, from Headquarters of Department of Co-operatives.</td>
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<tr>
<td>3.</td>
<td>Background information on the sample co-operative, information from Headquarters of Department of Co-operatives.</td>
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<td>4.</td>
<td>Cross reference information on the co-operative, source would be the chairman of the co-operative.</td>
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<td>5.</td>
<td>Personal questionnaire for the co-operative member interviewed, information from member on the co-operative site.</td>
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<tr>
<td>6.</td>
<td>Background information on dormant sample co-operative, Headquarters of Department of Co-operatives, Lusaka.</td>
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</table>
General information on Government Policies for Agricultural Development

1. A brief review of policies outlined in the First National Development Plan (F.N.D.P.), and the Second National Development Plan (S.N.D.P.), concerning agricultural development.

2. A broad review of policies of the Third National Development Plan (T.N.D.P.), concerning agricultural development.

3. Compare the policies outlined in three Development plans, see the basic differences and areas of emphasis in the development of the agricultural sector.

4. What importance has been attached to co-operatives schemes as a means of agricultural development?

5. Are there any specific policies for co-operatives in the National Development Plans?

6. What is the role of co-operatives as stated in the Third National Development Plan?

7. Special policies on credit provision to primary co-operatives.

8. What is the role of co-operatives in the overall development of agriculture?

9. What is the role of co-operatives in the pursuit of the main agricultural policies?

10. What is the Government policy in relation to the different commodities in question?
11. What would be the role of multipurpose societies in the co-operative sector and the agriculture sector as a whole?

12. What role do the production and farm settlement co-operatives play in the rural development, co-operative development and agriculture development?

13. Tobacco being a cash crop, does the Government have special policies for the development of this commodity?

14. Marketeers have a significant number of societies, membership and share capital, do the Development Plans have any policies for these?

15. What role do the marketer societies have in the development of agriculture?

16. What specific objectives does the Government hope to achieve towards, rural development, reduced imports, decreased unemployment and increased agricultural production by the use of co-operatives?

17. What are the policies concerning the secondary and tertiary co-operatives, what is their role in the development of the incomes society?
General background information on the co-operative sector

1. What economic factors led to the development of the co-operative sector in Zambia?

2. Why were co-operatives chosen as against other development plans?

3. What objectives for rural development did the Government hope to achieve initially?

4. What were the major obstacles encountered so far?

5. What problems do they face in the future development of Zambia?

6. How would these problems be overcome to development further?

7. What credit was available to the co-operative sector
   i. before independence
   ii. 1964 - 1969
   iii. 1970 - 1975
   iv. 1976 - 1980

8. What was the annual turnover in the co-operative sector
Questionnaire II - Sheet II

9. Total annual turnover of co-operatives for each crop

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<td>2.</td>
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<td>G.nuts</td>
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10. What is the role of the Government in marketing co-operative produce?

11. What type of marketing facilities are available in Zambia?

12. The role of National Co-operative Federation and Marketing Boards in the marketing of co-operative produce.

13. How are fertilizers supplied to the individual co-operatives?

14. How is seed supplied to the individual co-operative?

15. How is machinery supplied to the co-operative sector and finally individual co-operatives?

16. What would be the overall picture of the inputs supply channel for the co-operative sector as a whole?

17. What is the overall picture for the output marketing channel of the whole co-operative sector?

18. Does the sector face any problems with the time of inputs and outputs delivery?

19. What particular problems have resulted in the settlement of audits with a high rate of failure?
Questionnaire II - Sheet III

20. How did the multipurpose co-operatives evolve, why are they relatively more successful than the production and farm settlement co-operatives?

21. The Tobacco Society's turnover per member is high, why is there only one Tobacco Society?

22. Economically how important is the co-operative sector to the agricultural development of Zambia?

23. What is the scope of co-operatives in the rural development of Zambia?

24. Will the Government continue to support co-operative development and expansion in future?
Background information on the sample co-operative

Name of co-operative,
Type of co-operative,
Location

Commodities grown:

i.
ii.
iii.
iv.
v.

1. When was the co-operative formed?

2. Number of members in the co-operative when it started?

3. Number of members now?

4. Rate of increase or decrease in membership per year?

5. Total population of the district?

6. Organisation of the co-operative?

7. Is the co-operative affiliated to a secondary or tertiary co-operative?

8. Describe the relationship/connection.

9. How far is the co-operative from
   i. a permanent source of water
   ii. An all-season road
   iii. the line-of-rail
   iv. the nearest urban centre
   v. the main market

10. Type of market facilities for each crop grown?
Questionnaire III - Sheet II

11. Soil type.

12. Suitability of each crop to the soil type.

13. The source of credit available to the co-operative
   i.
   ii.
   iii.
   iv.
   v.

14. The amount of credit given by the Government to start the co-operative.

15. The amount of credit given to the co-operative thereafter by the Government
   i.
   ii.
   iii.
   iv.
   v.

16. The amount of credit given by any other specified source annually
   Source      Year     Credit

17. Status of credit repayments.

18. Source of foreign assistance to the co-operative if any.

19. Number of expatriates when the co-operative started.

20. Number of expatriates over time.

21. Role of expatriates in the development of the co-operative.

22. Average number of expatriate workers employed in the co-operative.

23. What is the function of the Co-operative bank?
Questionnaire III - Sheet III

24. What is the role of the Department of Co-operatives in the development of co-operatives?

25. Total share capital contribution of the co-operative members, annually.

<table>
<thead>
<tr>
<th>Year</th>
<th>Share Capital</th>
</tr>
</thead>
</table>

26. Annual output targets of the co-operative

27. Who sets the targets of production for the co-operative?

28. Annual turnover and percentage marketed.

29. Overall annual turnover pattern of co-operative.

30. Subsidies provided by the Government.

31. Specific incentives available for the improvement of co-operative performance.

32. Role of tertiary co-operative in the functioning of the sample co-operative.

33. What services is the co-operative supposed to provide for the members?

34. How does the co-operative get its seed requirements?

35. How is fertilizer supplied to the co-operative?

36. What machinery is available on the co-operative?
Questionnaire III - Sheet IV

37. How much of this machinery was provided by the Government directly?

38. What is the role of the Government in the provision of seeds, fertilizer and machinery?

40. Any special subsidies provided by the Government for the commodities in question?

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Type of Subsidy</th>
</tr>
</thead>
</table>
Cross Reference on co-operatives

Questionnaire for chairman of co-operative society

Name of co-operative,
Location,
Type of co-operative,

1. Number of members.

2. Total area of co-operative.

3. Range of area cultivated per member.

4. Average area cultivated per member.

5. Population density in the district.

6. What percentage of the crop grown is marketed?

7. What percentage of the crops grown is kept by the member for personal use?

8. Are any crops grown for members personal consumption and not marketed?

9. Who provides inputs for the subsistence crops?

10. Number and type of storage facilities available to the member?

11. Are there any special facilities/equipment for certain marketed crops?

12. What type of records are kept at the co-operative?

13. Who keeps the financial records?

14. Who checks the financial records?
Questionnaire IV - Sheet II

15. State of the records kept?

16. Type of machinery seen on the co-operative?

17. What machinery is in working order now?

18. What machinery is not in working order now?

19. Why is the machinery in non-working order not repaired?

20. Who operates the machinery?

21. Who manages the machinery?

22. Who repairs the machinery?

23. Who is responsible for the costs of maintenance?

24. How was the machinery bought?

25. Did the members have a say in the type of machinery bought?

26. Who decides on the suitability of:
   i. machinery
   ii. seeds
   iii. fertilizer
   iv. irrigation.

27. What means of irrigation are available to the members?

28. What is the state of the machinery and other equipment seen on the co-operative?

29. How is the whole co-operative managed?
Questionnaire IV - Sheet III

30. Who is responsible for major functional decisions?

31. How are these decisions made?

32. What are the various services provided by the co-operative to the members?

33. What means of transport is available to the co-operative members?

34. What proportion of the district market is controlled by the sample co-operative?

35. Any problems faced by the co-operative in marketing its produce efficiently?

36. How does the co-operative obtain credit from the Government?

37. How is this credit used?

38. Are any records kept on the distribution and usage of credit obtained?

39. Who checks misusage of credit?

40. Is the credit provided enough to carry out planned and developed projects?

41. How is this credit repaid?

42. Any difficulty in debt repayment?

43. What are the constraints to the further development of the co-operative?

44. Did the Chairman encounter any specific problems or difficulties with workers?
Questionnaire IV - Sheet IV

Personal comments on the co-operative.

Any special features to note.

General remarks on my visit.
Personal Questionnaire for the co-operative member interview

Name of member.
Age group.
Sex.
Family size.
Name of co-operative.
Type of co-operative.
Location of co-operative.
Commodities grown.
Livestock.

1. When did the member join the sample co-operative?

2. Why did he join this particular society?

3. What did he do before joining the society?

4. Where did he live before he became a member?

5. How many hours per day does he work on the co-operative in different seasons, and approximate dates
   i. land preparation
   ii. planting
   iii. weeding
   iv. harvesting
   v. marketing.

6. Does he have any relatives in the area?

7. Does he enjoy being a member?
Questionnaire V - Sheet II

8. What services does the society provide for him?

9. Is he happy with the services provided or could they be improved?

10. In his opinion how could the performance of the society be improved?

11. What is his financial contribution to the co-operative per annum?

12. What is his formal status in the co-operative?

13. What percentage of his produce does the member sell through the co-operative?

14. Does he have any difficulty in selling his produce?

15. How does he obtain his seed requirements?

16. How does he get his fertilizer?

17. Did the member have any problems getting inputs on time in the past?

18. What is his financial position now, is it better or worse than before?

19. What problems does he face in increasing his output?

20. Does he intend to remain a member of the co-operative society in future?

21. What does he think is the future of the co-operative?

Any personal comments

Attitude of the person towards my questions.

General listening and answering ability.

Did I need a translator?

Any problems faced during the interview.
Background information on Dormant Sample Co-operatives

Name of co-operative, 
Type of co-operative, 
Location, 

Commodities grown:
   i. 
   ii. 
   iii. 
   iv. 
   v. 

1. When was the co-operative formed?

2. Number of members when the co-operative started?

3. Number of members before it was liquidated?

4. Rate of increase or decrease in membership per year while in existence?

5. Total population in the district?


7. Was the co-operative affiliated to a secondary or tertiary co-operative?

8. Describe the connection/relationship.

9. How far was the co-operative from
   i. a permanent source of water
   ii. an all season road
   iii. the line-of-rail
   iv. the nearest urban centre
   v. the main market

10. Type of market facilities, for each crop grown.
Questionnaire VI - Sheet II

11. Soil type.

12. Suitability of each crop to the soil.

13. Source of credit available to the society during its existence
   i. 
   ii. 
   iii. 
   iv. 
   v. 
   vi. 

14. The amount of credit given by the Government to start the co-operative.

15. The amount of credit given to the co-operative thereafter by the Government
   i. 
   ii. 
   iii. 
   iv. 
   v. 
   vi. 
   vii. 
   viii. 
   ix. 
   x. 

16. The amount of credit given by any other specified source annually

<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
</table>

17. Status of credit repayments.

18. Source of foreign assistance if any.

19. Number of expatriates when the co-operative started.

20. Number of expatriates over time.

21. Role of expatriates in the development of the co-operative.

22. Average number of expatriate workers available to the people co-operative.
Questionnaire VI - Sheet III

23. What was the function of the extension worker?

24. What was the role of the Department of Co-operatives in the development of co-operatives?

25. Total share capital contribution of the co-operative members annually

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26. Annual output targets of the co-operative.

27. Who sets the targets of production for the co-operative?

28. Annual turnover and percentage marketed.

29. Overall annual turnover pattern of co-operative.

30. What subsidies were provided by the Government?

31. Specific incentives available for the improvement of co-operatives performance.

32. What services was the co-operative supposed to provide for its members?

33. How did the co-operative get its seed requirements?

34. Did the co-operative have any problems in getting their inputs on time?

35. How was fertilizer supplied to the co-operative?

36. What type of machinery was available, when the co-operatives started?

37. What was the role of the Government in the provision of machinery, seeds and fertilizers?
Questionnaire VI - Sheet IV

38. What machinery was provided directly by the Government?

39. Were there any special subsidies provided by the Government for the commodities in question

<table>
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</table>

40. Was any irrigation facility provided?

41. Why was the co-operative liquidated?

42. What happened to the members after the co-operative was liquidated?