

# **MEMBER EMPOWERMENT AND ENTERPRISE DEVELOPMENT PROGRAMME**

## **MEMCOOP Phase II**

### **Appraisal report**

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## FOREWORD

***“Agriculture is the backbone of this country....”***

(Quote from Ministry of Agriculture/ PADEP project, Mr. Simon A.N. Muro)

History shows that no nation can develop and prosper unless its people are well fed and at good health. Agriculture and access to food is therefore important, and in particular so in African countries where often 80% of the population make a living from agriculture. Agriculture and food production contribute significantly to poor and marginalised peoples’ income and well-being, which are prerequisites for their empowerment and active participation in political processes for democratisation. Agriculture provides incentives for women. Good agricultural practices are also wise and sustainable use of the land and its natural resources.

Thus, support to the agricultural sector is recognised and supported by the Tanzanian Government, and is also addresses all main priority areas as of Norway’s development policy. A recent MFA report, ***“Agriculture development - way out of poverty”*** highlights important synergies: *“Recent analyses have shown that increased growth in the agriculture sector in developing countries has greater poverty eradicating effect than growth in urban areas. Growth in urban sectors of the economy has effect on the poverty primarily in towns, but growth in the agriculture sector and growth in rural areas has more extensive effect and spin off effect.”*

There has been a tendency among bureaucrats in development institutions to ignore the fact that support to the agricultural sector also means contributions towards private sector development. This is particularly important today, when developing countries adopt market liberalisation and favour incentives that remove subsidies and government control. Small farmers are no exception, and support to their often fragile institutions allow them to become more professional so that they can compete on the market, are much needed.

The MEMCOOP pilot project has addressed education and training needs, which is recognised and supported by the Appraisal Team. However, under a MEMCOOP phase II project, professional education and support to entrepreneurship and development of vibrant local businesses are particularly important. It is important that MEMCOOP II works very closely with the Primary Co-operative Societies and other local target groups on these aspects.

The Appraisal Team recommends the following main improvements of the proposed project:

- There should be more focus upon business and entrepreneurship.
- Primary Co-operative Societies should be given opportunities to express their own felt needs for training – at least as a pilot scheme.
- The proposed expansion to the whole Tanzania should be limited to a few regions and districts according to denominators that provide project support and synergy.
- The Project Document should be revised – starting with a LFA workshop attended by relevant stakeholders.

The MEMCOOP II project represents an interesting and challenging initiative, and is a step in the right direction. When the poor people on the ground are “*in the driver’s seat*” we are confident that MEMCOOP II may become a success.

## **ACKNOWLEDGMENTS**

Very many institutions and persons have assisted the Appraisal Team during our preparations prior to the field work, whilst we were in Tanzania, and after we came back and started to prepare this report. For details, see Appendixes 2 and 3.

However, we want in particular to thank Norges Vel (NORCOOP) for important information received prior to our departure for Tanzania and after we came back. Professor Suleman Chambo, Principal at the Cooperative College in Moshi and his staff provided us with important background documents, prepared schedules and places to visit, and set up meetings that went very smoothly. Professor Chambo also made a good vehicle and an excellent driver, Mr. J. Mashaka, available to us during the entire mission. Mr. Mashaka took us safely around at any time of the day so that we never missed an appointment. We also received very much assistance from the College’s Public Relations Officer, Mr. T.J. Ndee during visits to the Primary Co-operative Societies and to institutions in the Arusha – Moshi regions.

We also want to express our gratitude to the Norwegian Embassy in Dar es Salaam, for its help and assistance during some hectic days when we were in dire need of office space for the first preparations of our report.

This was an interesting and challenging assignment, and the Team members have enjoyed it.



## EXECUTIVE SUMMARY

The project “*Institution and Capacity Building in Primary Co-operatives Societies and other Groups*” (MEMCOOP) started in 1996 and was implemented by the Co-operative College, Moshi, in collaboration with Norges Vel (NORCOOP) and the International Co-operative Alliance (ICA) ROECSA office. The Appraisal Team finds the MEMCOOP pilot phase to have been successful and worth pursuing through a phase II.

### **The Appraisal Team’s recommendations include:**

MEMCOOP II must first and foremost assist the cooperative movement’s needs and priorities. The project must facilitate and strengthen partnerships with appropriate institutions, and must assist the target groups in obtaining bank credits and other financial support as needed. It should assist the Primary Co-operative Societies in establishing simple and effective/efficient Secondary Societies.

NORCOOP and ICA should take part in MEMCOOP II through a modality for co-operation and with a separate budget line in the budget.

Education and training should continue in the next phase of MEMCOOP. There is a need to enhance empowerment and competence/ capacity of Primary Co-operative Societies, Farmers Groups, SACCOS, etc. Target groups should participate in the development of MEMCOOP II’s educational programme for it to target needs and priorities.

Education on entrepreneurship and business development require particular attention and priority. Entrepreneurship is not adequately addressed and MEMCOOP II should seek advisory services on this. The EARTH University in Costa Rica has entrepreneurial education that may be applicable to MEMCOOP II. Established private companies may also teach business, entrepreneurship and marketing.

NORCOOP’s EDCOOP, and other business-oriented concepts such as ACE and BEEP should be included in the project as a priority task, also budget wise.

Identification of high valuable crops, demanded by the markets, is a priority task.

Leaders selected by the societies should be provided with advanced training, with the objective to build a cadre of people who can represent the societies at regional and national levels.

When affiliated under SUA, the College’s present vocational teaching concept should be maintained.

The curricula for the College and its Wings should be reviewed with the objective of visualising business enterprise development.

MEMCOOP II should assist the Primary Co-operative Societies to obtain bank credits with their crops as security.

The establishment of an Education and Training Fund managed by the Project Management Unit should be considered.

75% of the budget should go to activities on the ground for target groups, and with particular priority to enterprise development and related training based upon applications from the target groups. Target groups must also contribute to MEMCOOP II's activities, e.g. in kind.

The Co-operative College should continue as the implementing agency for MEMCOOP II. An independent consultancy company should make a survey and assessment of the College's management capacity and competence. This recommendation is not based on any indication that the College is unable to take charge of the project, but will optimize project implementation and success.

After the affiliation with SUA, the MEMCOOP II project management within the College should have an exit option in the case the College gets trapped in inter-ministerial difficulties.

The College's Wings need to be strengthened and must have the resources, competence and capacity required to assist target groups. Uganda's NAADS concept is recommended as a model, perhaps as a pilot scheme. A *modus operandi* will positively add to the empowerment efforts.

Selected members of the societies should be trained and act as change agents within their communities. Resources envisaged for the Co-operative College should be re-directed towards the Primary Co-operative Societies' new change agents. The change agents from District Council would be requested for more specialist services.

Education and training under MEMCOOP II should prioritise women and youth. MEMCOOP II should address women's and youth's opportunities to start new business, e.g. through support of SACCOS etc. Revision of cooperative by-laws should address women's and youth's roles and needs.

Environmental awareness and education need to be promoted under MEMCOOP, e.g. proper use of pesticides, better soil management, etc.

There is a need for targeted HIV/ AIDS campaigns in the rural areas e.g. through the Primary Co-operative Societies. The use of drama groups may be particularly effective.

Sustainability aspects must be part and parcel of the MEMCOOP II project. Financial sustainability after the NORAD-funded phase must be addressed when the project document is re-written, and particularly through a LFA-process envisaged.

There is need for an organisational structure, which reflects formal Government to Government cooperation, and with fewer links to the target groups. The organogram must reflect that it is the target groups that are "*in the drivers' seat*".

A revision of the project document must start with a LFA workshop, and relevant stakeholders must participate. The outcome will be a complete project matrix

(objective hierarchy) with activity plan, budgets, a system and plan for internal monitoring, and appropriate indicators. A holistic monitoring and evaluation system has to be worked out as part of the suggested LFA workshop.

MEMCOOP II provides interesting opportunities for formative research on selected topics, e.g. as M.Sc. thesis work as elements in institutional cooperation between Tanzania and Norway.

## **METHODOLOGY**

The present appraisal focuses on MEMCOOP project phase II, which has been developed by the Cooperative College in Moshi, and based on a successful implementation experience of MEMCOOP pilot project in the Kilimanjaro region. The project is in line with the renewed focus on rural development and the organisation of rural producers in Tanzania. Based on the request from the Ministry of Finance to the Norwegian Embassy to support this project, it was recommended that a field appraisal be carried out after a Mandate for Dialogue had been approved. Following approval of the Mandate, the appraisal was designed to analyse and appraise the MEMCOOP II project proposal of May 2002 in order to determine the scope of Norwegian support to the implementation of the project (see ToR , Appendix 1).

A thorough assessment of the available documentation of co-operative movement, rural development sector documents and other relevant writings were undertaken by the Appraisal Team as a first step. (See literature list). Information was also collected through directed discussions in meetings with six Primary Co-operatives Societies' member representatives who were involved in the implementation of MEMCOOP pilot project in Moshi and Arusha regions. Useful information from institutions directly serving primary co-operative societies was obtained from Co-operative Unions in Arusha, Moshi and Morogoro; as well as from the Co-operative College's regional Wings in Arusha, Moshi and Dodoma regions.

Further discussions were also held with relevant and central stakeholders including: the Ministry of Co-operative and Marketing (MCM), Co-operative College Moshi (CC), Tanzania Federation of Co-operatives (TFC), Savings and Credit Co-operative Union League of Tanzania (SCCULT), Co-operative Audit and Supervision Corporation (COASCO), International Co-operative Alliance (ICA), Ministry of Agriculture and Food Security (PADEP), Ministry of Natural Resources and Tourism, Sokoine University of Agriculture (UMADEP) and National Network of Small Farmers Group (MVIWATA). (See Appendices 2 and 3).

## **1. POLICY FRAMEWORK FOR CO-OPERATIVE MOVEMENT - INTRODUCTION**

An estimated 60 % of Tanzania's population live in poverty in Tanzania, but rates are significantly higher for the rural population where 70% of people live. They are three times higher than in Dar es Salaam and twice as high as in other urban centres. Average area cultivated is one acre per household and 80 % of the farmers still use only the hoe. (From the IFAD 2000 report).

A major challenge for the developing world, including Tanzania, is to adopt development strategies for eradicating poverty. Tanzania recognizes the limitations of the public and private sectors in bringing about socio-economic change for the majority of the poor (Banturaki 2000). Increasing attention is now being drawn to the role of collective self-help initiatives in form of co-operative groups at grassroots level.

It has been realized that:

- (i) rural and voluntary organizations, formed by rural people and managed by them, and
- (ii) participation, self-help initiatives, and autonomous management,

are important and effective instruments to transform rural development, and thus eradicate rural poverty. Co-operatives and formal and non-formal self-help organizations constitute an "associate sector" of the economy, counter-balancing the strong influence of a profit-oriented private sector and the state-controlled public sector.<sup>1</sup>

Ever since 1967 the Government has taken the lead in management of co-operatives via legal provisions and in the conduct of changing development policies. An earlier imposed top-down structure has entrenched empowerment of leadership away from the grass-root members, rather than member empowerment.

## **2. THE CO-OPERATIVE MOVEMENT – ITS STATE OF ART**

A Presidential Task Force from 2000 identified the following key problems of the present co-operative movement in Tanzania:

- 1) Co-operatives are not based on members needs
- 2) Inability to access or raise needed capital/ weak capital base
- 3) Weak and corrupt leadership and management, and wide-ranging theft in co-operatives
- 4) Inappropriate application of the co-operative vertical integration structure

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<sup>1</sup> It should also be noted that GoT's Non-Governmental organisations Act, 2002. Special Bill Supplement, No. 3, defines NGOs to be "... voluntary grouping of individuals or organization which is autonomous, non-partisan, non profit making, which is organized locally at the grassroots, national or international levels.... but does not include .... a community based organization."

- 5) Weak institutional support for co-operative development
- 6) Poor and inappropriate co-operative education and training
- 7) Weak implementation of agricultural marketing liberalisation policies
- 8) Limited outlook and capacity of promoting co-operatives in sectors other than agriculture
- 9) Government plans give low priority to co-operative development
- 10) Outdated co-operative policies and legislation.

The Government has recognized these problems and taken significant steps to get the co-operative movement on the right track (bottom-up approach) and in line with internationally proven principles.

## **2.1 A NEW CO-OPERATIVE DEVELOPMENT POLICY, 2002**

The new Co-operative Development Policy spells out the new direction of the co-operative movement in Tanzania. It says: *“The Government recognises and adopts: Co-operative values, which are based on self-help, self-responsibility, democracy, equity, and solidarity and that they be pursued and maintained in all co-operative development efforts within Tanzanian socio-economic environment”*. Furthermore; *“...the policy puts emphasis on commercially oriented business minded leadership instead of civil-service oriented management in running the co-operative movement.”*

## **2.2 A NEW CO-OPERATIVE ACT, 2003**

The Co-operative Societies Act, 2002 (GoT 2002), to be tabled for the Parliament by November 2003, is the new legal instrument that intend to operationalise intentions and substances laid down in the new Policy.

When the Act is endorsed and approved, the co-operative movement has stronger legal means that are required to perform as a modern member-driven organisation. It is now up to the co-operative movement in Tanzania to take this opportunity to develop the movement on the right track.

The appraisal mission noted, however, a paragraph in the proposed Act that possibly could be used to force farmers to sell their products through the co-operatives. This may not be the best alternative, and needs attention.<sup>2</sup>

## **2.3 CO-OPERATIVE INDEPENDENCE IS A MUST**

The co-operative movement is principally an independent entity within the private sector (cfr. Appendix 10). The latest Policy and legal framework, as described above, seems genuine in meeting the movement’s need for independence and much needed encouragement of local entrepreneurship. Building a strong movement based on this foundation is now actually left with the movement itself – in principle.

Private actors related to the co-operatives are (cfr. Table 1):

- Farmers groups
- Primary Co-operative Societies (producer societies, SACCOS, etc)

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<sup>2</sup> The new Co-operative Societies Act's item IX53.1.a states: *“A registered society which has as one of its objects the disposal of any article which is the product of agriculture or animal husbandry shall provide in its by-laws(a) that every such member who produces any such articles has entered into an implied contract to dispose of the whole or any specified amount proportion or description thereof to or through the society.”*

- Co-operative Unions
- Co-operative Apex bodies
- Co-operative Federation
- Private traders.

## 2.4 GOVERNMENT INVOLVEMENT – DILEMMAS AND MISTRUST

*“The leopard does not change its spots...”*  
(Old African saying)

The Government’s heavy involvement in the co-operative movement over very many years distorted the functioning of an independent co-operative movement. The aim of a Government machinery for a co-operative movement development should be to enable the Government to assist when necessary, and for monitoring purposes, but not to interfere with day-to-day businesses. For the time being there is a strong political will to rebuild a successful co-operative movement, and Government machinery must therefore also be in place. The following Government actors are related to the co-operatives:

- Ministry of Co-operative and Marketing.
- Other Ministries, like Ministry of Agriculture.
- Local Governments (regional administration, District Council, etc).
- Co-operative College.
- COASCO.
- Crop boards.

However, a Government involvement may also create dilemmas at the grass root. Memories of the past bad experiences, and widespread general mistrust to the Government are still prevailing. The mistrust is based on:

- Unclear division of responsibilities between Government and private sector.
- Government’s inability to support the co-operatives as expected.
- A confusion over policy implementation, rules and regulations.
- Revision of the acts governing the Crop Boards that may reverse the market liberalisation.

The dilemmas in question are discussed in the proposed MEMCOOP Phase II Project Document:

*“First is the complexity of managing the right balance between providing government support, while maintaining the autonomy of the co-operative movement. The co-operative policy 1997, the legislative documents and their subsequent reviews are still loaded with statements and aspects of government control. Such aspects of government control continue to stifle the development of genuine co-operative development in Tanzania. ... Genuine co-operatives are those in which the ultimate responsibility, rests on the members themselves and as they enjoy and practice autonomy, and government support or intervention should exist for the consolidation of that autonomy.”*

The statement above was based on the former Policy and Act, and the new ones are certainly more genuine in providing legal rights that will protect the independence of the co-operative movement.

## **2.5 CO-OPERATIVE UNIONS ARE DE-FACTO DEFUNCT**

It has been realised that the Unions and the Apex Bodies have been unable to adjust themselves to the new situation. They are unable to provide services to the members (Primary Co-operative Societies) as expected, and are therefore being more or less neglected by the members. Mistrust is currently evident from the fact that many Primary Co-operative Societies prefer to sell their products to private traders and not through Unions. Informal Farmers Groups have also expressed reluctance in becoming co-operatives.

The new Act does not have provisions for the Unions. The term Union is not used in the new Act, which means that they are not protected by the Act either. But the Primary Co-operative Societies and the Federation of Co-operatives are explicitly mentioned. According to the Act, it is thus now up to the Primary Co-operative Societies to decide whether they want/need a Secondary Society (Union) or not.

## **2.6 PRIMARY COOPERATIVE SOCIETIES AND THE CO-OPERATIVE FEDERATION ARE FUNCTIONING**

The Appraisal Team observed that the six Primary Cooperative Societies (PCS) in Kilimanjaro and Arusha regions visited are genuinely working for their members. Training on finance management received from the Co-operative College in Moshi has apparently made them able to manage the Societies better, and the leaders met by the Appraisal Team are prepared to expand.

There were, however, also some problems and constraints. All the six PCS visited were once directed by the Government through the 1991 Cooperative Societies Act, which was expected to lay the legal framework for development of member-based, voluntary cooperatives. Some officials and PCS member representatives stated that several PCS were not active whilst others were weak. Too much dependence on the State through loans, corruption, mismanagement, conflicts, and lack of clear goals, were common problems. It was expected that the establishment of the Ministry for Cooperatives and Marketing might revive this situation.

There is thus a need for MEMCOOP II to strengthen the existing PCSs and to encourage formation of new ones based on four basic principles guiding group formation: (i) group size; (ii) homogeneity; (iii) formation around income generating activities; and (iv) voluntary and democratic leadership. Group constitution, membership contributions and proper record keeping are key elements, which form cohesive and sustainable groups. The members themselves must determine the final form of a group. Moreover, the formation of voluntary secondary cooperative societies by PCS themselves has been recognised by the Bill Supplement of Cooperative Societies Act, 2003.



### **Dilemmas of Primary Co-operative Societies (PCS)**

Democratic principles are prerequisites for proper organisation and management of PCSs. However, there are always risks that influential people that want to serve the interests of individuals manipulate these principles. This is a particular problem when PCSs have many members, because distances between the grass root and the local leaders may reduce transparency. Rich and influential people have much authority in local societies, and may use their positions in the PCSs for their own immediate interests. Leaders can also create alliances that facilitate corruption, which in turn undermines members' trust in the co-operative movement.

MEMCOOP II must strive to secure genuine leadership and democracy, because the success of PCSs and the co-operative movement depends on leaders that have the members' interest in focus in all operational aspects. The answer is, however, not a co-operative police force or mechanisms that control the PCS-leaders and their operations. The co-operative idea must build on transparency and confidence and the members' empowerment through free and fair elections and active participation.

These issues need to be embedded in the training rendered by the Co-operative College and others, and should also be addressed through MEMCOOP II's monitoring and the proposed formative research ("*følgeforskning*"). When violations of basic democratic principles are revealed, in-depth studies and subsequent actions may be required to rectify the situation.

The Co-operative Federation seems to prepare itself for the new situation and the challenges that lie ahead. The already prepared five year corporate plan 2003 – 2007 is a sign that the Federation is trying to up-date its profile and activities and that it aims to be in the forefront regarding modernising the co-operative movement in Tanzania.

### **2.7 A NEW GENERATION OF STAKEHOLDERS GIVE HOPE FOR THE FUTURE**

The Appraisal Team experienced dedicated and hard working co-operative members and sympathisers who provided constructive criticism and advice. They represent a new generation of positive attitude and thinking. The MEMCOOP pilot project has created awareness about a changing situation and boosted self-confidence, which gives hope for the future.

If the co-operative movement is to survive in a liberalised, but also competitive environment, it must serve the members satisfactory so that they become professional and run economically viable businesses. Otherwise, more professional private business people may gradually take over and dominate, and eventually dictate conditions and prices. The smallholders will definitely become the losers in such a scenario.

It is important to create an environment in which the primary co-operative societies can build up trust to the Government after many years with top-down approach and bad experiences. The team's impression is that a positive change of attitude is taking

place in the Government towards independent co-operatives, i.e. through young and dedicated public officers.

**Recommendations:**

MEMCOOP II has important roles to play. The project must first and foremost assist the co-operative movement's members as of their needs and priorities. The project must facilitate and strengthen partnerships between them and appropriate Government institutions. And MEMCOOP II must assist them in obtaining bank credits and other financial support so that the co-operative enterprises may grow and expand.

The co-operative movement thus deserve moral and professional support and must have access to appropriate financial support.

**2.8 PRIMARY CO-OPERATIVE SOCIETIES (PCSS) AND/OR FARMER'S GROUPS (FGS) – FOUNDATION FOR THE CO-OPERATIVE MOVEMENT**

The Primary Co-operative Societies, but also the more informal Farmers' Groups, consisting of both women and men and emerging in many regions of Tanzania, bear the signs of a movement that is farmer driven (see Appendix 10). These groups constitute the basis for active and demanding memberships in a new and revitalised movement. It will, however, take some time before the PCS's and FG's will be able to make a substantial impact on the regional and national level.

The political power that determines the economy of viable farming is at the national level, and this can only be influenced when farmers take part in relevant decision-making processes. Farmers, or their representatives, should be given appropriate education and training in co-operative management and negotiations, so that they may voice their interests in the said fora. It is very positive that the new Co-operative Policy and Act recognise the FGs at the primary level. Efforts should be made to create strong linkages between the FG's and the co-operatives for synergy effects.

**2.9 SECONDARY SOCIETIES ARE NECESSARY**

The forthcoming new co-operative Act says that: "*Primary societies may form Secondary Societies and Secondary Societies may form Apex societies.*" The objectives of such Secondary Societies are actually the same as those of the Unions. The Appraisal Team is convinced that there is a need for Secondary societies because Primary Co-operative Societies are too small and with too few resources to serve the farmers satisfactory.<sup>3</sup> The question is if the existing Unions can be re-vitalised, or if there is a need for new institutions that functions better.

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<sup>3</sup> For the producer, marketing system efficiency and the ability to participate effectively within that system, are crucial determinants of income. A 10 % rise in producer price, resulting for example from improved negotiating strength or reduced transport costs, would increase net income considerably more than 10 %. If productions costs comprise 80 % of current prices, and those prices increase 10%, net income would rise 25 %. (from IFAD 2002 report, 4.23)

## 2.10 NEW MODELS FOR BUSINESS ORIENTATION

In Uganda the UCA, ICA/ROECSA and Norges Vel<sup>4</sup> have introduced the PACE programme<sup>5</sup> as an instrument to assist primary co-operatives, particularly with business enterprises. The initiative reflects a felt problem that many producer co-operative societies are too small to give them the power they need to influence the market and negotiate prices. The Area Co-operative Enterprises (ACE) is primarily a broker for the primary co-operatives, and the intention is to minimise the administration to keep the cost low. The ACE's objectives are to:

- find markets for the range of members products and selling for them;
- collect and disseminate market information;
- promote production of high value crops;
- bargain acceptable prices on farming inputs;
- support agricultural extension services;
- organise production planning meetings for members;
- organise rural markets.

Marketing and e.g. procurement are very important for the primary societies' economy. Being strong and professional is a must for the co-operatives to achieve results. ACE may be relevant for MEMCOOP II because primary societies in Tanzania and in Uganda face more or less the same problems. The EDCOOP<sup>6</sup> was developed through the MEMCOOP pilot phase, while ACE has been introduced successfully in the Mt. Elgon Co-Operative Reform Project in Uganda. A combination of the EDCOOP and ACE concepts may be considered.

Another initiative is the BEEP (Business Experience Change Programme) that has been initiated by ICA/ ROECSA, NORCOOP, Norwegian Institute for Urban Regional Research (NIBR), and includes Malawi, Tanzania, Uganda and Zambia.

An ACE/ EDCOOP/ BEEP-approach may promote production of new high value crops for Tanzanian farmers. Traditional cash crops are not very profitable any more<sup>7</sup>, and identifying alternative cash-crops with access to markets is a must in order to make co-operative farming an economically viable and attractive business in Tanzania.

All these initiatives reflect that business development has become an increasingly important part of the co-operative movement. MEMCOOP II will obviously benefit very much from cooperation with ICA/ ROECSA and NORCOOP over entrepreneurship and business initiatives, because of these institutions' long experience in this field.

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<sup>4</sup> Uganda Co-operative Alliance – UCA, International Co-operative Alliance, Regional Office for East-, Central- and Southern Africa - ICA/ROECSA and the Royal Norwegian Society for Development – Norges Vel

<sup>5</sup> Promoting Area Co-operative Enterprises - PACE

<sup>6</sup> The main objective of EDCOOP is to improve the members' standard of living through income enhancement by direct member participation in the co-operative business. Specific objectives include: 1): To make co-operative organisations at all levels to be emotionally sensitive to members' improvement of incomes out of co-operative activities, 2): To continuously identify areas of co-operative business where improvement of members' income can openly be demonstrated, 3): To continuously analyse and identify model frameworks through which members' income can be maximised and 4): To enable members to select the most efficient co-operative business model that guarantees maximum financial returns to them as members.

<sup>7</sup> According to the evaluation of MEMCOOP's pilot phase, coffee producers in the Kilimanjaro region stated that they would be unable to make a profit if coffee prices fell below 800 Tsh/ kg. We heard about coffee prices lower than that, and there is nothing that suggests that prices will pick up in the foreseeable future.

**Recommendations:**

The MEMCOOP II project should assist the Primary Co-operative Societies in establishing simple and effective/efficient Secondary Societies, either through a fundamental reorganisation and revitalisation of the Unions, or by establishing new Secondary Societies, such as ACE in Uganda. A close co-operation with NORCOOP and ICA/ ROECSA is recommended on this issue.

Identification of other high valuable crops, demanded by the markets (market-led farming), is recommended and must be a priority task of MEMCOOP II, in co-operation with relevant institutions and expertise.

## **2.11 POTENTIAL**

The co-operative movement in Tanzania has now an opportunity to create a strong and powerful movement. The new co-operative Policy and the forthcoming co-operative Act are well suited for this purpose. They build upon the individual farmer's or household's rights, and they challenge individuals to take responsibility for their own development. This is fundamental for self-esteem among poor and often marginalized people, and for boosting a much-needed confidence in own power as foundation for development.

The Appraisal Team experienced very dedicated people at the grass root level (although possibly not representative for other parts of the country), who were very engaged in doing a good job on behalf of the farmers. Empowerment of the Primary Co-operative Societies by the Co-operative College has fostered initiatives and encouragement, which will yield good results.

The Appraisal Team has confidence in grass root power, in Tanzania and elsewhere. With appropriate incentives, grass root movements become driving forces for empowerment and development. Empowerment comes from releasing latent energy in communities and collective actions for common good, rather than from re-distributing power and resources between the haves and the have-nots. Primary Co-operative Societies can harness synergetic powers for its members' well-being and development. Empowered societies can act as platforms for local problem solving and can mobilise human and financial resources for sustainable development.

**Recommendation:**

The Appraisal Team recommends that empowering through MEMCOOP II should be an act of helping members in Primary Co-operative Societies and communities to build, develop and increase their power through co-operation, sharing, and working together.

## 2.12 LIMITATIONS – CONSTRAINTS

Even though the co-operative movement is a central tool for poverty eradication, many other elements have to be in place for an economically viable agricultural business in the future.

Agriculture in Tanzania cannot be developed based on “old” technology and means, but through modernisation and market-driven production.

The Appraisal Team met Primary Co-operative Society members with problems of e.g. low production, inferior product quality, unprofitable traditional cash crops, etc. Common problems were lack of capital, lack of training in modern farming methods, lack of knowledge in diversification of crops and high value crops, lack of knowledge in organic farming technology, lack of opportunities to direct access to international markets to fetch higher prices for their products, etc.

### **Chawampu Primary Society – an example of lost opportunities**

Each rice farmer in this Society cultivates an average of 0.7 – 0.8 ha. Total production per year is between 10.000 and 28.500 bags. The rice is usually sold to private buyers at the farmers’ gates, where each bag fetches between 11.000 and 14.000 Tsh, depending upon availability.

Private buyers pack the bags very full, i.e. up to 150 kg/bag, which equals between 73 and 93 Tsh per kg. However, when rice is processed at the mill across the road they may fetch 32.000 Tsh per bag. Bags to the mill weigh between 100 and 80 kg, which translate to 320 - 400 Tsh per kg.

With an average total crop of 19.000 bags and an average price of 12.000 Tsh/ bag from private buyers translates to total gross revenue for the Society of 228 mill Tsh. However, if the rice is sold to the mill, the same crop would possibly at least 600 million Tsh. If corrected for the differences in weight described above, gross revenues could be close to 900 million Tsh.

A difference of 400 mill. Tsh or more would pay off if invested in transport from the farmers’ fields to the mill (max 4 km distances). Investment in improved irrigation may more than double the cultivated areas and allow three crops per year. There is no doubt that farmers would benefit significantly.

These, and many other problems, represent daily challenges to the farmers and they will remain problems and constraints for development if not being addressed adequately. Most of these problems are beyond the scope of the Co-operative College’s core functions, but they have to be addressed by MEMCOOP II in one way or another. See also recommendations above.

### **Recommendation**

In order to overcome these constraints, there is a need for MEMCOOP II to enhance empowering capacity of co-operative support institutions by strengthening and promoting co-operatives and other farmers organisations on a demand driven basis. This could involve local institutions to: (i) streamline the procedure for their legal registration; (ii) support membership education and management; (iii) provide training in financial planning and management skills; (iv) contract negotiations and marketing skills, and; (v) in lobbying and advocacy.

### **2.13 RISKS**

Among the many risks that may have negative impacts on the implementation of MEMCOOP II are:

- The failure of co-operatives to recover from the Government's influence and a later liberalisation of the economy has left them operationally weak. Regaining farmer confidence will take much time.
- The powers of the statutory boards are still very great and arbitrary decisions by them on matters like levies, licensing etc affects co-operatives and the members directly and profoundly.
- The new policy and the proposed new act for the co-operatives have not been subject to debate at primary society level. The good intentions may not overcome the farmers fear of being controlled, taxed and levied etc.
- Taxation of farmers through levies etc at all levels probably affects co-operatives more than competing private traders who do their business in such ways that they avoid such taxation.
- Low farm income and especially low prices for traditional export crops have reduced the co-operative turnover with 50 %. No immediate recovery is near.
- Member empowerment and Primary Co-operative Society businesses is not enough for survival in a world where power is centralised and large enterprises gets bigger. Secondary societies are in a better position to handle products at the negotiating table.

## **3. ASSESSMENT OF THE MEMCOOP PILOT PHASE**

### **3.1. A BRIEF BACKGROUND**

A Nordic fact finding mission to Tanzania in 1994 found conducive environment for genuine co-operative development, provided certain steps were taken to ensure autonomous and member controlled organisations. This mission was followed by a feasibility study in 1995, which encouraged NORCOOP to resume its assistance to Tanzania's co-operative movement.

The project: *Institution and Capacity Building in Primary Co-operatives Societies and other Groups* said project, with the acronym MEMCOOP – pilot phase, started in 1996 and was implemented by the Co-operative College, Moshi, in collaboration with Norges Vel (NORCOOP) and the International Co-operative Alliance (ICA) ROECSA Office.

Total cost of the project, up to 2000, was approximately USD 0.7 mill (NOK 5.5 mill. Particular attention has been paid to training and education, and only minor amounts were used for investments. The project was based on the following basic elements:

- Capacity building of individuals;
- Creation of self-confidence and esteem;
- Participatory problem solving; and
- Creation of autonomous groups and organisations.

### 3.2. ACHIEVEMENTS

The Appraisal Team concurs with an Evaluation Team's findings (year 2000) that the project has been efficiently and effectively implemented. *"The project was sound, useful and appropriate. It should be adopted as an approach, strengthened and continued"* (Quote from the Evaluation Report). The Co-operative College has gained substantial competence in teaching appropriate knowledge and skills in respective subjects, being of significant importance for the next phase. A short version of the main achievements, problems/constraints were as follows:

- ✓ Appropriate co-operative business management knowledge, skills and attitudes were imparted to many grass-root beneficiaries.
- ✓ Many Primary Co-operative Societies in Kilimanjaro Region were able to regain a substantial market share in the very competitive coffee industry thanks to the training.
- ✓ Ordinary members' perception of their rights and opportunities have been enhanced. Members have changed from being spectators to empowered participants. Practical democracy is being fostered.
- ✓ Enhanced income generating capacity for various beneficiary economic groups has been achieved. An example is know-how in bee-keeping and honey harvesting for six groups in Hai district.
- ✓ Societies are able to keep their accounts and produce trial balance and some can produce balance sheet. Women and youth groups have improved accounting.
- ✓ Successful mobilisation of local competence has taken place, through partnership between Co-operative College, NORCOOP and ICA's regional office in Nairobi.

### 3.3. PROBLEMS/CONSTRAINTS (EXTERNAL)

- ✓ Limited financial, human and technical (e.g. transport) resources to adequately cater for the immense education and training needs.
- ✓ Unfavourable coffee prices and declining incomes from coffee sale/trade, determined by international competition.
- ✓ Rural people's perception towards the new liberalisation policy and the co-operative movement's basic idea is compounded with bad past experiences and with continued Government involvement.
- ✓ Weak economic situation of key stakeholders and support organisations, especially the co-operative unions.

- ✓ Shortcomings in women's integration in the co-operative societies, due to traditional customs and prejudice.
- ✓ Periodic unfavourable climatic conditions, with negative effect for farmers.
- ✓ Low capacity of the auditing agency has resulted in not audited books for many societies.

**The Evaluation team's suggested Challenge (supported by this Appraisal Team) is:**

*"With the current conducive co-operative policy and legal framework, that allows the establishment and expansion of member-based, member-controlled and gender sensitive co-operatives, the challenge is how to proceed after the pilot phase so that MEMCOOP can become part and parcel of a truly sustainable field education service of and by the Co-operative College, Moshi."*

#### **4. MEMCOOP PHASE II – RELEVANCE, ETC.**

According to the MEMCOOP II project proposal, May 2002, the purpose is, more specifically, to *"...broaden the space for members' control and economic gains through enterprise development in primary co-operatives societies and other economic groups,... promoting new co-operatives and reviving, strengthening and developing current co-operatives and economic groups, ...enhancing the capacity of members to run genuine co-operative profitable businesses,... contribute to networking and influencing policy making, ... documentation, information dissemination for confidence creation, ... facilitate member empowerment programmes and sustainable hand over the programme methodologies and operational philosophies to the cooperators and other beneficiaries..."*

The project is thus very ambitious, but the Appraisal Team has not had opportunities, time and resources to thoroughly analyse all factors that may contribute to successes. We have focused upon items highlighted in our Terms of Reference (Appendix 1) that, among others, requests information if the proposed project is:

- a) *Creating opportunities where members apply participatory democracy as a means of creating solutions and resolve economic and social problems.*
- b) *Improving members' innovative application of entrepreneurship skills in searching for products, new markets, technologies, new ways of doing things.*
- c) *Creating development leaders capable of facilitating effective participatory democracy in co-operatives to allow members to solve their problems as positive actions against poverty.*

All three items are related because they inquire if the proposed training is adequate for the co-operatives to act as expected development agents in the field of democracy, understanding of freedom and responsibility for own development, reduced poverty, economic progress through innovations, entrepreneurship, application of new technologies, etc.



#### **4.1. MEMCOOP II's RELEVANCE TO TANZANIAN PLANS AND BUDGETS**

The Tanzanian Co-operative Development Policy of 2002 makes an important departure in definition of roles and responsibilities of Government and other stakeholders in promotion and support of co-operative environment. The policy takes into considerations the historical concerns and constraints and seeks to introduce a co-operative system, which is sustainable and capable of fulfilling members' social and economic needs. Further, it recognizes the need for establishment of autonomous, competitive and member based co-operatives as important tools for economic empowerment of all vulnerable groups in society and the poor in general. The focus of objectives of the policy is therefore to encourage, support, foster and widen the establishment of member-driven co-operatives under a free market economy.

The policy puts emphasis on commercially oriented business minded leadership instead of civil service oriented management in running the co-operative movement. In addition, the policy recognizes the importance of co-operatives in national development, co-operative values and principles, the roles of women and other marginalized groups in co-operatives, and the importance of education of the co-operative members (See Policy items: 6(p.6), 2.1,3.1, 3.2 and 6.2.).

The proposed MEMCOOP II project is in agreement with the Tanzanian co-operative development policy concerns, which provides a framework for Government and stakeholders' roles in the promotion, support and development of member-based co-operatives.

Counterpart funding will not be a problem, according to the Ministry of Co-operatives and Marketing. They are prepared to make a provision for such funding in the 2004/2005 budget. This provision is, however, dependent on a commitment from Norway latest by December 2003 to fund the project.

#### **4.2. MEMCOOP II's RELEVANCE TO NORWEGIAN POLICIES**

The ultimate goal for Norwegian development assistance is to contribute to poverty eradication in Norway's cooperating partner countries. There is a long list of references, i.e. policy, strategies, studies, etc, that confirms Norway's intention in this respect, e.g:

- MFA's White Paper to the Parliament: St.prp.nr.1 (2002-2003)
- MFA's Strategy for private sector development
- MFA's "Development of the agricultural sector – a way out of poverty" item 44, p. 13
- NORAD's MoU Tanzania Norway 2002: Item b, p. 2. "Reduction of income poverty through rural development"

Tanzania has taken important steps to promote the agriculture sector as the backbone for economic and social development. The Government's strategy is to empower the grass root people, and encouraging forming Primary Co-operative Societies (co-

operatives) as instruments for the realisation of poverty eradication. Tanzanian policy and strategies are in line with Norway's for development assistance and co-operation, e.g. as of MFA's White Paper to the Parliament autumn 2002: St.prp.nr.1 (2001-2002): *"The Government will continue support to the primary sector through Private Sector Development and strengthening the productive sector in the development assistance. It will be emphasised to improve local food security and private sector development based on the primary sector (agriculture). Support to technical, economic and political organisations for primary producers, with emphasis on women, will continue"*.

Experience has shown that market-oriented and demand-driven co-operatives, with good management, have yielded good results. Such organisations may play important roles in improving farmers' income generating activities, and efficiently compensate particular small holders for the disadvantage of being small, in the field of logistics, procurement, technology, agro-processing, quality assurance, marketing and sale, etc.

The Appraisal Team is confident that the MEMCOOP II project – if planned and implemented properly - will contribute to fulfil the common Norwegian and Tanzanian goals of poverty eradication, and will serve the female population positively.

#### **4.3. JUSTIFICATION OF THE PROJECT RELATED TO USERS' NEEDS AND PRIORITIES**

Producer organisations may play important roles in improving small holder farmers in generating income. If appropriately set up and functioning, they may e.g. benefit from the advantages that large scale farming have, within logistics, agro-processing, improved quality, marketing and sale, procurement, etc. Some conservative co-operatives have in the past been unable to deliver the goods, but others with market oriented and demand driven approaches and with good management have shown good results. The aim of MEMCOOP II is to e.g. empower Primary Co-operative Societies in such a way that they in turn help the farmers improving their standard of living through better farming and more income.

#### **4.4. EMPOWERMENT THROUGH EDUCATION**

*"Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives."*

(Quote from Ministry of Agriculture's PADEP-project)

Ideology, visions and business ideas are central to growth and expansion of any commercial enterprise such as the co-operatives. These basic elements cannot be imposed upon any organisation by outsiders, but must come from within through education and awareness-processes, and must also be spread by the organisation itself in order to be truly effective. There is hardly any sector in a society that has been developed by people from outside, and agriculture is no exception.

Some painful lessons over the last few decades show that the Government cannot impose development upon the co-operatives, but should only be responsible for an appropriate framework that allows the sector to grow from inside and to prosper. If a framework is in place, but if the sector still suffers, then the reason may simply be that the framework is not good enough.

Encouragement comes from the sector's own actors who must obtain sufficient education in order to take responsibility for their development. MEMCOOP's pilot phase emphasised training for empowerment of the co-operatives' grass-root members, and perhaps natural talents for leadership may have emerged as a result of this training. The Appraisal Team is convinced that training of leaders should go further in the next phase of MEMCOOP.

Economics, financial management and proper understanding of agricultural business and entrepreneurship are also crucial, but this type of education is limited in Tanzania. The EARTH University in Costa Rica has realised that there is a need for agriculture professionals who are capable of holistic understanding of agricultural systems and who are capable of thinking as entrepreneurs and running businesses. EARTH's students must be entrepreneurs, i.e. business persons sensitive to and conscious of the business potential of sustainability and the agricultural sector's responsibility to the environment and the community. MEMCOOP II could benefit significantly from EARTH University's approaches on entrepreneurship. See also Appendix 5.<sup>8</sup>

#### **Recommendations:**

The new co-operative Policy and Act, and subsequent co-operative by-laws state that the co-operatives should have an education and training plan and set aside funds for it. Such principles are already recognised and built into MEMCOOP II's development objectives and plans. MEMCOOP's prioritisation of education and training are supported and encouraged.

Short-time extension services can certainly teach and train farmers on many important subjects, but cannot compensate for a holistic education that can be obtained through a 1-2 years period at e.g. a farmers' school. MEMCOOP II should explore opportunities for long-term education programmes for selected personnel from the Primary Co-operative Societies.

MEMCOOP II should provide advanced training to leaders selected by the Societies, with the objective to build a cadre of people who can represent the Societies at the regional and national level, particularly in business, but also for political lobbying.

Education that has proved successful under the pilot phase must go hand in hand with new entrepreneurship and business education and training that must address the Primary Co-operative Societies' needs and priorities. Proper knowledge about entrepreneurship and agricultural business are not adequately addressed in the project proposal. MEMCOOP, through the Co-Operative College should seek some advisory

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<sup>8</sup> The Co-operative College's principal, Professor Chambo, was in Norway in early September and his visit co-incided with a seminar co-hosted by Noragric and the EARTH University. Professor Chambo met with EARTH University senior staff, and they agreed to cooperate, starting with a visit by CC-staff to the EARTH University.

services, e.g. from the EARTH University in this respect. See Appendix 5 and footnote.

Representatives from the co-operative movement should play key roles in the development and maintenance of MEMCOOP's educational programme.

#### **4.5. DEMAND-DRIVEN APPROACH REGARDING TRAINING, EDUCATION AND OTHER RELEVANT SERVICES. AN EXAMPLE FROM UGANDA.**

When the Plan for Modernisation of Agriculture in Uganda was formulated, it was found imperative to change the *modus operandi* for the agriculture extension services. Traditional extension services in Africa have principally been unable to deliver the goods, contributing to a stagnant sector. Neither Uganda nor Tanzania are exemptions to this respect.

The Ugandan government decided to go for a model called: National Agriculture Advisory Services (NAADS). The basic principle is that the farmers organise themselves into small or bigger producer groups and agree on the type of services they would like to request from NAADS. An important bottom line of NAADS is that farmers receive tailor-made services that fit the individual groups' explicit needs. Having identified the needs, the producer groups are free to suggest the provider of services required. A contract is signed with NAADS, who will cover the expenses involved.

This concept requires an earmarked fund and a set of rules for operating the fund. The NAADS Act in Uganda would be to help in this context. (See Appendix 6).

#### **Recommendations:**

A NAADS concept is recommended for MEMCOOP, perhaps initially as a pilot scheme. Mechanisms for implementation, including the principle of cost sharing, should be worked out and put in place as part of the project preparation. A *modus operandi* for providing services to the Primary Co-operative Societies will positively add to the empowerment endeavour.

The establishment of an Education and Training Fund managed by the Project Management Unit should be considered.

Funding should be based upon applications from target groups to MEMCOOP II (to the proposed Project Management Unit or through CC-Wings).

## **5. INSTITUTIONAL ASPECTS**

### **5.1. THE CO-OPERATIVE COLLEGE- AN AFFILIATE TO SOKOINE UNIVERSITY OF AGRICULTURE (SUA)**

The Co-operative College has been under the Ministry of Co-operatives and Marketing (MCM) since it was established. In July 2003, the MCM, in

consultation and with advise from different stakeholders<sup>9</sup>, prepared a Cabinet Paper which proposes to elevate the status of the Co-operative College to Moshi University College of Co-operative and Business Studies of Sokoine University of Agriculture (SUA).

If approved, the college will be responsible to the Ministry of Science, Technology and Higher Education on academic matters. The CC Act from 1964 will be replaced by Act No. 6 of 1984 that established Sokoine University of Agriculture. The College will continue to collaborate with the MCM in all other matters related to co-operative movement in the country. Although MCM's support to MEMCOOP is firm today, it may nevertheless be necessary to establish a Memorandum of Understanding between the MCM and the new Moshi University College concerning collaboration on MEMCOOP II.

There is a risk that the change of the College's status also will result in a University College being more occupied with academic subjects, than required by a vocational business centre serving the co-operatives at the grass root level. It is also likely that serving various Ministries may affect its direction, curricula and not at least the budgeting/financing. The Appraisal Team considers the vocational teaching concept and related services directed towards the co-operatives to be crucial for the College regarding its function as the implementing agency of MEMCOOP II.

The present Principal of the Co-operative College will no doubt manage to lead the College into the University world, but this cannot be guaranteed when successors have taking over.

**Recommendations:**

When becoming an affiliated institution under SUA, it is mandatory that the College's present vocational teaching concept to be maintained, in order to play its crucial role *vis à vis* the grass root co-operatives and as the implementing agency for MEMCOOP II.

The curricula for the College and its Wings should be reviewed with the objective of visualising business enterprise development priorities.

MEMCOOP II's relationship with relevant Ministries must be clarified.

**5.2. THE CO-OPERATIVE COLLEGE AS THE IMPLEMENTING AGENCY FOR MEMCOOP PHASE II**

The Co-operative College has done a commendable job with the MEMCOOP pilot phase. It has demonstrated dedication, professionalism and ability to plan and execute appropriate training of Primary Co-operative Societies. Its present mandate is to: (i) carry out co-operative training needs assessment; (ii) prepare and conduct co-operative education and training programmes; and (iii) conduct research and

<sup>9</sup> Ministry of Science, Technology and Higher Education; Government Chief Justice; Tanzania Federation of Co-operatives; and Co-operative College Moshi

consultancy on co-operative development. The objective of MEMCOOP II is in harmony with the mandate of the College, meaning that the College is prepared to undertake the challenges of MEMCOOP II. The Appraisal Team does not see any reasons for searching for an alternative agency, if any alternative exists at all.

**Recommendations:**

Despite some uncertainties in connection with the proposed changed affiliation with SUA, the Appraisal Team recommends that the Co-operative College should continue as the implementing agency for the next phase of MEMCOOP.

It should be considered if the proposed Project Management Unit within the College structure should have an exit option in the case the College gets trapped in inter ministerial troubles that may seriously affect the MEMCOOP II implementation.

### **5.3. SURVEY AND ASSESSMENT OF THE COLLEGE' MANAGEMENT CAPABILITY**

The proposed MEMCOOP II project is quite ambitious and extensive. Indicated total budget is in the magnitude of USD 1 mill annually. Accounting, internal and external auditing, but also project management and teaching capacity, etc, (including the Wings), are all crucial areas for a successful project implementation.

The College is principally a new partner for NORAD, and the appropriation of funds will be based on the mechanism for Government-to-Government co-operation and agreements. This mechanism is quite different from the pilot MEMCOOP, which was financed through NORAD's NGO Department.

The Appraisal Team is aware that NORCOOP carried out an assessment of the accounting capacity of the Co-operative College in connection with MEMCOOP pilot phase. There is, however, need for an assessment with a much wider scope.

In Uganda, the Norwegian Embassy had the management capability of Makerere University analysed before entering into an agreement for support. The assessment revealed several areas that needed strengthening and which were implemented without hesitation. The mid-term review of that programme showed very positive results, thanks i.a. to the up-front review and appropriate strengthening of the management.

**Recommendations:**

The Appraisal Team recommends that Norway contracts an independent consultancy company (e.g. PriceWaterHouseCoopers) to make a survey and assessment of the Co-operative College's management capacity and competence. If a selected company is unable to provide services on a short notice, there are several other *bona fide* accounting/ auditing companies in Tanzania and in neighbouring countries.

The proposed survey and assessment should not be based on any indication that the College is unable to adequately take charge of the project. The basic intention is to make NORAD and the College confident that everything is being done to make a solid platform for a successful project implementation.

#### **5.4. THE WINGS - THE CO-OPERATIVE COLLEGE'S OUT-STRETCHED ARMS**

There is no doubt that the Wings are important arms of the Co-operative College, and instrumental in implementing MEMCOOP. The Appraisal Team experienced Wing personnel to be very dedicated, resource strong, knowledgeable, having good contact with primary producers and with a hands-on approach. If this experience is representative, the Wings should be given a central role in the field work activities, and resources have to be allocated to them.

But the Wings can hardly be provided with enough expertise and resources to cater for all types of training and other services that are supposed to take place locally. One model is therefore to build up the capacity and competence that enable them to play the role as brokers for needed services to the target groups.

#### **Recommendations:**

The Wings need to be strengthened. In consultations with the Primary Co-operative Societies/ target groups, they should go for simple tender procedures, selecting providers of targeted services, and enter into contracts with them for a limited period. This is the NAADS model (Appendix 6) operationalised at the Wing level.

Payment for part of the services will come from MEMCOOP. If the target groups find the services satisfactory, verified through increased yield, improved product quality, improved income, etc, the foundation for a future system where the farmers are willing to pay for such services, is laid down. This would in turn secure financial sustainability for extension services.

#### **5.5. THE CHANGE AGENT CONCEPT**

The College has trained about 40 extension officers as change agents, acting as resource people for the Primary Co-operative Societies. The Appraisal Team experienced that these agents have not operated as expected. One reason may be that they are employees of the District Council, which is part of an inefficient and poor government administrative apparatus.

A statement from the Evaluation Report 2000 indicates that the will is there among the change agents, but that they simply lack resources to operate satisfactorily: *"They told the evaluation team that they need support such as bus fare and lunch allowances so that they can better monitor the primary co-operative and other groups activities very closely"*.

The District Co-operative Officers (DCOs) are expected to assist the PCSs with e.g. annual meetings, internal auditing, etc. according to the Co-operative Societies Act.

Thus, the intentions are that they should be *de facto* change agents within their districts. But DCOs frequently also lack transport and other resources that are required for proper assistance to the PCSs.

The Appraisal Team agrees that professional change agents are crucial for the pace of development. They are also very important for MEMCOOP II's success, because they shall facilitate the provision of education, training and other support that the target groups need. Members of the societies in question expressed the need for training in e.g financial management, internal auditing, modernisation of the production, soil conservation methods, environmental aspects, new technology, diversification of crops, introduction of high value horticulture niche products, post harvest handling, marketing, etc. Without better access to this type of assistance through the change agents, and complementary to the training offered by the Co-operative College, the expected progress is not easily forthcoming.

The Appraisal Team suggests that the change agents under MEMCOOP II first and foremost should be recruited from and work within the Primary Co-operative Societies. The training of change agents in the Primary Co-operative Societies was also recommended in the Evaluation Report 2000: *“For the sustainability of MEMCOOP some able staff from the Co-operative Societies should be selected and trained as change agents within their locations. This will help monitoring system and reduce costs. Like wise, regular meetings between the change agents and MEMCOOP should be arranged for a closer follow-up. This should be arranged also between change agents themselves at district level and reports to be submitted to MEMCOOP co-ordinating office.”*

Primary Co-operative Society change agents would create a stimulating environment. If the persons selected are performing well, then the results would be tangible within a short period of time. Ideally, committee members of Primary Co-operative Societies, or a selection of a few people at that level, should be trained as change agents. The change agents from District Council would be requested for more specialist services, e.g. such as assisting the DCOs with internal auditing.

**Recommendations:**

A new concept for change agents should be tried, as complementary to the present one. Selected members of the Primary Co-operative Societies should be trained and act as change agents within their own areas.

Primary Co-operative Societies' change agents should be provided with resources to perform and to assist as expected. Hence, resources envisaged to go to the Co-operative College should be re-directed towards the Primary Co-operative Societies' new change agents.

There will be a need for resources that allow for exchange visits between Societies and “learning by doing”. Drama groups can also contribute to knowledge and awareness-raising.



## 5.6. CO-OPERATION WITH RELEVANT STAKEHOLDERS - BUSINESS AND ENTREPRENEURSHIP

*“Without proper business performance, co-operatives will never be able to answer to their social commitment. They simply can’t afford to”.* (Quoted from NORCOOP)

In the MEMCOOP pilot phase, empowerment through capacity building was given high priority. Emphasis was made on good governance, accountability, shared leadership in co-operatives, etc. MEMCOOP provided training for the members to lead their own co-operatives. The results have been widely appreciated.

During our field visits and meetings with Primary Co-operative Societies, the members expressed a need for additional training in several fields, as mentioned above (cfr. change agents). In the second phase of MEMCOOP, business entrepreneurship has to be adequately addressed. If training effort does not result in higher income and profit among the farmers, they will eventually turn away from the co-operatives. Business training is crucial in making farming economically viable and should be included in the project as a priority task, particularly for the more “advanced societies” that already have established effective societies and are really “business oriented”. Since this type of teaching seems to be beyond the core profession and capacity of the Co-operative College, it is important to identify possible collaborating institutions and persons who can deliver required training and services. Private companies may have something to offer in this respect. The project should develop policy and procedures for tendering/ contracting external support.

Proper business planning and implementation, monitoring, evaluation and distribution of costs and benefits for the co-operative members, are crucial. Members have to be active and well informed about business opportunities at both the farm and the co-operative society levels. If this can be achieved through e.g. MEMCOOP II, then the co-operatives will be recognised and appreciated by the farmers, resulting in increased viable businesses and more members.<sup>10</sup>

Access to financial resources is important. Some banks, such as the KCB in Moshi, do assist the Primary Co-operative Societies in the Kilimanjaro region with loans against their expected crops. The KCB expressed confidence in the Societies, and told us that they were able to service loans totalling 750 mill. Tsh. Only 30 mill. Tsh. remained outstanding “... and there are very good explanations for that...”. However, other societies were struggling to obtain credits from banks. Interest rates averaging 21% pose a problem.

NORCOOPs’ business entrepreneurship concept, EDCOOP, supports member participation in business and enterprise development inside the co-operative movement. As mentioned above, EDCOOP’s approaches should be considered and adopted by MEMCOOP II. The EDCOOP is described in a separate document (See Literature).

<sup>10</sup> See also Appendix 9 “The way forward is to get back in business”.

### **Recommendations:**

In addition to co-operation with Governmental institutions, research institutions, extension services, NGO's and others with relevant competence, contacts should also be established with private companies (for example with the flower industry in Arusha and other specialised horticulture crops producers, etc), for the purpose of teaching practical subjects, including business and entrepreneurship. Specialist competence should be hired according to needs.

NORCOOP and ICA have had central roles in the MEMCOOP pilot phase and should also take part in MEMCOOP II. Representatives of the Co-operative College and NORCOOP/ ICA should agree on the modality for co-operation, which should be secured through separate budget lines under MEMCOOP.

NORCOOP's EDCOOP concept should be incorporated in MEMCOOP II, also budget-wise. The EDCOOP component should not only be executed by generalists, but also by specialists.

MEMCOOP II should study EARTH University's entrepreneurial approaches in order to see if it may be applicable to the Tanzanian situation.<sup>11</sup>

MEMCOOP II should assist the Primary Co-operative Societies to obtain bank credits with their crops as security. Continued education and training in financial management for the Societies will probably make it easier for them to obtain credits.

## **6. CROSS-CUTTING ISSUES**

Our Terms of Reference requests the Appraisal Team to address several cross cutting issues. Time and resources did not allow for field studies (e.g. on environmental concerns), nor targeted interviews on such issues (e.g. HIV/ AIDS and corruption). However, during our meetings with very many stakeholders, we did obtain valuable information that should allow for some recommendations.

### **6.1. SOCIO-CULTURAL ASPECTS – GENDER AND YOUTH**

*“Contrary to the view from feminist activists, almost unnoticeably, women up-country are slowly gaining more and more economic means. And with it, power is also shifting in their favour.”*

(Quote from “Uganda's poorly kept secrets”, Charles Onyango-Obbo, Fountain Publishers 2000)

Membership in cash crop co-operatives requires access to land and farm production units. And because men traditionally lead households, it is also they who represent

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<sup>11</sup> See Appendix 5.

membership in the primary societies, except when he dies and the widow takes over the leadership in the family. Hence, it is men who receive the cash crop revenues.

Despite the crucial roles women play in agriculture, experiences have showed how easily women can be “sidelined” in primary societies. A main reason for the formation of the many informal groups and networks of women all over Tanzania is to avoid being dominated by men. MEMCOOP II should consider how new separate societies could be set up and organised around economic activities where women play major roles. Women can e.g. run and get their own revenues from subsidiary enterprises such as co-operatives on fruit and vegetable production, provision of implements, brick production etc. Research from all over Africa shows that men and women within the same family/household often may have contradictory economic interests and pursue different economic strategies, and there is a need for a better understanding of the different roles men and women play in the household economy. MEMCOOP II should also address women's right to land.

Women have traditionally been more active in savings and credit co-operatives (SACCOS), where here are no farm production requirements. Savings and credit co-operatives only provide credits to their members – i.e. mostly women. We agree with the Evaluation report from 2000, which states: *“Establishment of SACCOS has created an opportunity for women to become members and leaders. Most of the secretaries and managers are women and a good number are committee members. This is an improvement.... If possible a specific intensive campaign should be designed and implemented with the purpose of building confidence and assertiveness among women”*.

**Recommendations:**

Education and training under MEMCOOP II should prioritise women and youth.

MEMCOOP II should support and assist local co-operatives that boost women’s and youth’s opportunities to start new business that secure their financial independence.

Revision of the co-operative’s by-laws, under MEMCOOP II’s guidance, should address women’s and youth’s roles and needs.

The roles of women - and equally important, youth - can also be addressed through affirmative actions, i.e. through quota allocations for representation on co-operative committees and other decision-making bodies. Such interventions in established social regimes may, however, be met with reluctance and rejection and ultimately with ignorance towards MEMCOOP and its good intentions.

**Women’s access to revenues in the Mamsera Rural Co-operative Society**

Men and women may both own shares in the Society. However, women are the chief producers of coffee on their husbands’ farm, which they do not own. But when the crops are sold it is the head of the family, i.e. the man, who collects the revenues. They are not automatically available for the women, who want to secure the income for the family’s common good.

There was a discussion about equal rights in this respect. When a woman owns shares that are equal to the man's, should not also the economic benefits from their coffee production be shared according to their shareholdings?

This was evidently a new thought, which had not been discussed. But the audience enthusiastically supported it.

## 6.2. ENVIRONMENTAL ASPECTS

Through the meetings with the Primary Co-operative Societies, we learned that pesticides/herbicides/ fungicides are used, sometimes extensively. Such agents are mostly provided by private suppliers, who, however, do not inform the users about the agent's properties, what to be used when and for which crops, etc. Protective gear is not used during spraying and the farmers rarely know about possible dangers.

We were told that some areas suffer from soil erosion and depletion of soil nutrients. In several areas, bush fires and associated ecological damages are rampant.

### **Recommendations:**

Environmental awareness and education for the benefit of health and thriving farms need to be promoted under MEMCOOP II. Proper techniques, be it on use of pesticides, soil management etc. must be part and parcel of extension services.

A Tanzanian NGO, named ENVIROCARE, has received funds from NORAD over the past years, and has prepared pamphlets, in English and in Swahili, on e.g. the safe use of pesticides, etc, for smallholder farmers. This material should be made available for the farmers, and for MEMCOOP II as teaching material.

## 6.3. HIV/AIDS

HIV and AIDS represents a serious problem, particularly in rural areas where awareness raising and education receive less priority than in urban areas. Agricultural productivity suffers because family members who work in the fields must take care of the sick.

### **Recommendations:**

There is a need for targeted HIV/ AIDS campaigns in the rural areas. The Primary Co-operative Societies are useful fora for campaigns on HIV/AIDS, e.g. when there are meetings for all members. The use of drama groups may also be particularly effective.

It is recommended that the MEMCOOP II addresses HIV/AIDS in the activity plan.

#### 6.4. CORRUPTION

Corruption seems not to be very pronounced in the rural areas. The Primary Co-operative Societies and other local institutions are transparent because “*everybody knows each other...*” and members are mutually responsible towards each other. Mismanagement of funds and corruption may, however, be much more serious in Unions and other Government institutions. It was very difficult for the Appraisal Team to obtain concrete information about this.

Mis-management of funds and assets seem more common in the Unions. We were surprised to learn that Unions that owned large farms, several buildings and much heavy equipment nevertheless were poor, without access to money and with little if any credibility with banks, e.g. KCB.

We are, however, not in a position to provide any recommendations on this issue. Corruption in the local communities will probably be even less as MEMCOOP II strengthens the co-operatives through better and more transparent financial management.

#### 6.5. ADDRESSING SUSTAINABILITY

MEMCOOP II must recognize the interactions between ecological, social and economic systems in contexts such as political legitimacy and what is technically and institutionally feasible. Project activities must first and foremost benefit local communities. Authorities and institutions must appreciate the social and economic values of their production systems. Entrepreneurship and capacity building is crucial!

Sustainability in a MEMCOOP II context means e.g. that cash-crop production must support local societies’ economy and their institutions. The agricultural production must recognise ecological opportunities and constraints (soils, water availability, consequences of the use of pesticides, etc, etc.) which determines the size and quality of their crops and hence the farmers’ and the co-operatives economic viability and ultimate survival. Production must have political support (policy, Acts etc). It is crucial that the farmers/ co-operatives have the financial and technical capacity and capability – hence is training, education and supervision so important. The co-operatives must also be able to pay for services and input required for an effective and competitive production.

#### 6.6. FINANCIAL SUSTAINABILITY

Another aspect is financial sustainability. MEMCOOP II is quite ambitious, and the project document anticipates substantial capital investments and several new employments. Thereafter, there will be a phase when operational costs dominate the expenditures. It is therefore crucial that MEMCOOP II is re-designed in a way which secures development of financially sound enterprises that at the end of the day will be able to pay for the operational costs even after the MEMCOOP II project phase. See also chapter “*Budget assessment*”.

**Recommendations:**

Sustainability aspects must be part and parcel of the MEMCOOP II project. This means that project personnel at all levels must have a proper understanding of the interactions described above, be it in training and education or under awareness campaigns.

Financial sustainability after the MEMCOOP II project phase must be addressed when the project document is re-written, and particularly through the LFA-process envisaged.

## **7. PROJECT DESIGN**

### **7.1. QUALITY OF UNDER-LYING ANALYSIS AND PLANNING**

The Project Document, written by the staff at the Co-operative College, contains a lot of relevant information on the background for the project and about the past bad experiences of the Government controlled co-operative movement in Tanzania, etc. Based on information from the Evaluation Report 2000, the MEMCOOP II project document from May 2002, together with our findings from field visits and meetings, etc, we are confident that there is a sound foundation for a second phase of MEMCOOP.

### **7.2. SCOPE OF THE PROJECT - SYNERGIES**

MEMCOOP has hitherto limited its activities to Kilimanjaro and Arusha regions, where coffee is the main cash crop. The proposal is to expand the activities to all the 20 regions in Tanzania mainland. Considering that there will be many different needs for training and other services in order to achieve tangible results, it seems to be over-ambitious for MEMCOOP II to try to cover the whole country. The Appraisal Team is in doubt if the capacity at the Co-operative College, and resources as of the proposed budget, are sufficient for providing the necessary education, training and extension services - including business entrepreneurship - of all Primary Co-operative Societies throughout the country up to required standards.

The Appraisal Team therefore recommends that the geographical scope of MEMCOOP II is revised and reconsidered. We suggest that a few regions and some selected districts should be added, with particular attention to favourable conditions for agribusiness development by farmers' organisations. There is a need for some common denominators, such as: (i) active and business oriented Primary Co-operative Societies; (ii) presence of active CC wings; (iii) opportunities for synergy with like-minded projects, eg. PADEP, MNRT/bee keeping, SUA/TARP II, etc.; (iv) existence of functional local support institutions, extension services etc, and (v): access to markets.

When sampling districts to be involved in the study (using common denominators), several options could be considered, such as looking at a geographical spread according to the country's seven agricultural zones, as exemplified in the table below:

Zone	Regions	Number of districts that may be considered	Number of primary co-operative societies that may be considered
1. Eastern Zone	Tanga, Dar, Pwani, Morogoro	2	4
2. Northern Zone	Arusha, Manyara, Kilimanjaro	2	4
3. Central Zone	Dodoma, Singida	1	2
4. Western Zone	Tabora, Kigoma	1	2
5. Lake Zone	Kagera, Mwanza, Mara, Shinyanga	2	4
6. Southern Highlands Zone	Iringa, Ruvuma Mbeya, Rukwa	2	4
7. Southern Zone	Lindi, Mtwara	1	2
<b>Total</b>		11	22

### **Recommendations:**

The Appraisal Team recommends that the geographical scope of the proposed project should be revised. A few selected regions and districts should be added to the present geographical area.

Due consideration should be paid to regions with other cash crops such as cotton, cereals, pulses, and not at least horticulture crops (cfr. the above table).

Districts and Primary Co-operative Societies selected must have some common denominators for success, and should seek cooperation with other like-minded projects.

### **7.3. MEMCOOP II ORGANISATION AND ADMINISTRATION**

The proposed Project Document represents a rather complete presentation of all elements required by NORAD, as the basis for an appropriation document, including the objective hierarchy. The Co-operative College has done a commendable job. However, the proposed organizational structure for MEMCOOP II does not recognise the formal Government-to-Government agreements that now will be required. Consequently, there will be a need for an organisational structure that reflects this, i.e. where the Annual Meetings between Tanzania and Norway is the supreme ruling body for the project.

MEMCOPP II's proposed organogram (Appendix 7) is a rather traditional top-down approach where the target groups have few if any roles to play. It does not cater for the target groups' priorities and needs. The project document proposes a Programme Management Unit with one programme coordinator, two assistant programme managers, one programme accountant, one programme secretary/ administrative assistant, one programme driver/ transport officer, and one programme office attendant - seven people in all in order to run MEMCOOP's daily business! This is a large and cumbersome organisation and much un-necessary administration. And the target groups are at the bottom of this ladder.

The Appraisal Team suggests a more simple organisational set-up for MEMCOOP II, based on the following principles;

- Fewer links between administration and target groups and a flat structure will cater for effective assistance to the target groups.
- Use of the existing management institutions and capacity at the College as much as possible will reduce administrative costs.
- Involving other partners than the Co-Operative College, e.g. banks and the private sector will encourage cooperation and better services to the target groups.
- Closer links between the College and the Primary Co-operative Societies, Farmers Groups, and other target groups will secure that grass-roots' needs and priorities are addressed.

The Appraisal Team's proposed organogram is shown in Appendix 8, and is explained in the table below:

<b>MEMCOOP II Project Steering Committee (SC)</b>	Responsible for proper project management and implementation, Approve plans, budgets, accounts and auditing, oversee project implementation according to plans and guidelines. Reports to the Annual Meeting and to other donors as required. .
<b>MEMCOOP II Project Management Unit (PMU)</b>	Reports to MEMCOOP II Steering Committee and provides Steering Committee with plans, budgets, accounts and reports as required. Responsible for the overall day-to-day running of the project, including disbursement of funds and services, purchases, financial control and accounts. Provides training, education, extension services, implements, and other support to target groups as deemed necessary and in consultations with them as of their needs and priorities. Facilitator of communication between target groups and between target groups and other stakeholders/ providers of services. Responsible for internal monitoring and evaluation as requested by the Steering Committee. Delegates to CC Wings and other units as required.
<b>CC Regional Wings (selected)</b>	Works with target groups as requested by the Project Management Unit and according to rolling plans. Works with and supports target groups and change agents. Alerts PMU when required. Reports to PMU.
<b>MEMCOOP II target groups, i.e. local producer co-operatives, SACCOS, Farmer Groups, other relevant primary societies, etc.</b>	Communicate with PMU and Wings mainly through the change agents, present plans and requests, implement activities as required and agreed with Wings/ PMU. Report back to Wings/ PMU. Provides financial statements, audits and other reports as required.
<b>Banks and other financial institutions, Government institutions that shall service local co-operatives and societies, other support institutions and stakeholders, contractors and suppliers.</b>	Provide services and inputs as required by target groups and/or PMU/ Wings on contractual terms. Report back to same.

#### 7.4. BUDGET ASSESSMENT

The Appraisal Team has not assessed MEMCOOP II's budget in detail, because our recommendations call for a revised project document and a new budget with more emphasis on the target groups' needs and priorities, and another implementation modality.



We would, however, emphasise that donor funding as much as possible must provide direct benefits to the grass roots, and that high capital investment should be avoided, particularly with reference to the sustainability aspects. Cfr. our proposed targets that 75% of the budget should be spent on activities on the ground to Primary Co-operative Societies and other target groups. There should be particular priority of enterprise development and related training, and administrative costs should, if possible, be limited to 10-15 % of the budget.

There is undoubtedly need for 4x4 vehicles, computers, etc. but there is also a danger that e.g. required service and replacement of vehicles and equipment can not be covered by the Co-operative College, nor by the Primary Co-operative Societies, once NORAD's funding of MEMCOOP II is over. The project's financial sustainability is crucial and must be addressed. Capital investments should be kept low, i.e. to what is really required for the Project Management Unit, the Wings and the change agents to provide services to the Primary Co-operative Societies and other target groups as required, and for the target groups to be able to run their enterprises more effectively. Motorbikes may sometimes provide substitutes for vehicles.

Expenses for capacity building are high. This is fair enough, but it is unclear to which extent such training benefits the target groups. As an example, two of the main budget posts under Key Result 2 "*Capacity of Members to run genuine profitable co-operative business enhanced*" are for "*Members training*" (more than 2 mill. USD) and for "*Secretaries/ staff training*" (almost 1.6 mill. USD). But it is very unclear to which extent funds under this post will enhance the Primary Co-operative Societies to become more professional and more competitive entrepreneurs.

The proposed cost for administration and running of MEMCOOP II is also very high. The project proposal's management unit and committees envisage 700 man months, plus expenses for consultants, advisors and for backstopping. With the amendment of the organisational structure that we propose, administrative expenses can be considerably reduced. As a "rule of the thumb" administrative expenses should not exceed 10- 15% of the total budget.

The Co-operative College has informed us that MEMCOOP II will require a new structure of the Directorate of Field Education and that a project coordinator will be a permanent employee of the College. The project coordinator will play a crucial role in strengthening of the College's Wings that must have the resources, competence and capacity required to assist the PCSs and other target group organisations.

**Recommendations:**

A Steering Committee should be chaired *ex officio* by the Ministry of Co-operatives and Marketing. If the Ministry decides, chairmanship can, however, be rotated. The Steering Committee is vested with the authority to oversee the overall implementation of the project and is serving as a link to Government and donors. Major stakeholders such as the Co-operative Federation, NORCOOP, ICA, and others, should be members. It could be an idea to include one or two independent experts e.g. from the private sector as well.

The Appraisal Team's proposed Project Management Unit (PMU) will, through its management, act as a "*spider in the web*" so to say, with links to the target groups and to all the support institutions that have a role to play in their services to the target groups, in common efforts to create viable businesses and to empower people. Members of the PMU must be very qualified professionals in education, agriculture and business development.

Women's and youth's needs and opportunities must be recognised through appointments to the PMU.

The leader of the PMU should be recruited through competition and the post should be advertised externally. If MEMCOOP II requires a re-structuring of the Co-operative College's Directorate of Field Education, the leader of the PMU should also be a permanent employee of the College. He/ she reports to the SC and/or is member of the SC.

Expenses for vehicles, computers etc. should be reduced, for the benefit of services to the target groups.

Financial sustainability after the project period is crucial! We recommend that this issue be addressed at the LFA workshop (see below) as part of the activity plan and the needs for investments.

There is a need to prioritise funding of business and enterprise education and training for Primary Co-operative Societies and other target groups.

Administration costs should not exceed 15% of the total budget.

Expected co-funding of MEMCOOP II must be confirmed in writing.

## **7.5. LOGICAL FRAMEWORK ANALYSIS (LFA) WORKSHOP**

A solid up-front preparatory work through LFA will definitely pay off in the forms of smooth and safe project implementation. The Appraisal Team suggests that the revision of the project document begins with a LFA workshop, starting with the problem analysis and ending up with a complete project matrix (objective hierarchy), an activity plan with accompanying budget, and indicators for progress and sustainability. The workshop should also prepare the system and plan for internal monitoring and evaluation.

In order to get optimal output of a LFA workshop, it is mandatory to have an experienced moderator. The number of participants in such a workshop should not exceed 12 – 15 people. It is a prerequisite for good results that selected participants are familiar with the project and its framework. Stakeholders like NORCOOP, ICA, Ministry of Co-operatives and Marketing, Tanzania Federation of Co-operatives, representatives for the Primary Co-operative Societies, etc, should definitely attend. The workshop will then constitute the basis for a revised Project Document with a revised budget.

There is a need for key indicators for performance and progress, and this must also be addressed by the LFA workshop.

**Recommendations:**

The revision of the project document should start with a LFA workshop, with participants from the Co-operative College and relevant stakeholders, and with the assistance from an experienced facilitator. The workshop should aim for a complete project matrix (objective hierarchy), activity plan including budget, and a system and plan for internal monitoring.

The LFA workshop must agree upon key indicators. The Appraisal Team suggest, however, already now that:

- 75% of the budget should go to activities on the ground for Primary Co-operative Societies and other target groups.
- There should be particular priority to business/ enterprise development and related training.
- The target groups must be "in the driver's seat".
- Primary Co-operative Societies and other target groups must contribute to approved activities to match MEMCOOP II's contributions, e.g. in kind. Appropriate cost sharing to be determined.

## 7.6. MONITORING AND EVALUATION

Monitoring and evaluation of the project implementation and progress should be done at different levels, e.g. frequent routine monitoring and evaluation at the Wing level to check that work-plans are being implemented and results obtained as planned, but also mid-term reviews by externally recruited personnel. A mid-term review is usually provided for in the Agreement and is normally the responsibility of NORAD, but it can also be a joint venture with the implementing agency.

**Recommendation:**

A holistic monitoring and evaluation system has to be worked out as part of the suggested LFA workshop. The Appraisal Team recommends that NORCOOP/ ICA should be given a role in the project's internal monitoring and evaluation activities.

## 7.7. SEPARATE STUDIES

The Appraisal Team recommends that the project be subject to formative research (Norwegian = "*følgeforskning*"), by external competent institutions, to be determined. The limited studies suggested below may constitute a part of the formative research that also will provide interesting opportunities for institutional cooperation between Tanzania and Norway, and that can be important contributions to future monitoring and evaluation of MEMCOOP.

Type of information required	No additional information required	Limited study required	Full study required
Policy measures Poverty Economic/financial aspects Socio-cultural and gender aspects Environmental aspects Institutional aspects  Technological aspects Democracy HIV/Aids Corruption	√	√ MSc study? √ MSc study?  √ MSc study? √ MSc study? √ Ref. page 13; monitoring on genuine leadership √ MSc study? √ MSc study? √ MSc study? √ MSc study?	√ Review of the College. Cfr: Recommendation

The proposed limited studies should not be considered as prerequisites for commissioning the project. The MSc studies in question can be made any time, but preferably as early as possible after the project has started.

With reference to textbox on page 14, appropriate leadership and transparency should also be addressed through formative research and through internal and external monitoring.

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## LIST OF KEY ACRONYMS

ACE	Area Co-operative Enterprises
ACU	Arusha Co-operative Union
ASDS	Agricultural Sector Development Strategy
CC	Co-operative College Moshi
CDP	Co-operative Development Policy
CDP	Co-operative Development Policy
COASCO	Co-operative Audit and Supervision Corporation
DCO	District Co-operative Officer
EDCOOP	Enterprise Development Through Co-operatives
FGs	Farmer's Groups
GoT	Government of Tanzania
ICA	International Co-operative Alliance
IFAD	International Fund for Agricultural Development
KCB	Kilimanjaro Co-operative Bank
KNCU	Kilimanjaro Native Co-operative Union
MEMCOOP	Member Empowerment and Enterprise Development Programme
UMADEP	Uluguru Mountain Agricultural development Project
MVIWATA	National Network of Small Scale Farmers Groups in Tanzania
NAADS	National Agricultural Advisory Services
NGOs	Non Governmental Organisations
NORAD	Norwegian Agency for Development Cooperation
NORCOOP	The Royal Norwegian Society for Development
PACE	Promoting Area Co-operative Enterprises-Norges Vel
PADEP	Participatory Agricultural Development and Empowerment Project
PMU	Project Management Unit
PRSP	Poverty Reduction Strategy Paper
PCSs	Primary Co-operative Societies
RDS	Rural Development Strategy
ROECA	Royal Norwegian Society for Development
SACAS	Savings and Credit Associations
SACCOS	Savings and Credit Cooperative Societies
SCCULT	Savings and Credit Co-operative Union League of Tanzania
SUA	Sokoine University of Agriculture (Tanzania)
TFC	Tanzania Federation of Cooperatives
UCA	Uganda Co-operative Alliance

## **APPENDIX 1**

### **TERMS OF REFERENCE CONCERNING THE APPRAISAL OF TAN 2307 MEMCOOP**

The Member Empowerment and Enterprise Development Programme is an intervention that seeks to develop a new co-operative movement in Tanzania.

#### **THE PROGRAMME**

The programme's goal is to establish an effective and fully functional co-operative movement that is genuinely member based, controlled and capable of progressively contributing to poverty reduction for the Tanzanian community, men and women.

The programme aspires to institutionalise appropriate co-operative promotion models, approaches and methodologies of member education and training to enhance members' capacity for designing solutions of members' and the larger community socio-economic problems. The intervention will further facilitate the promotion of co-operatives that are sustainable and capable of operating competitively for the betterment of members' own social and economic development and the society in which they live.

The programme intends to cover 2000 primary co-operatives and groups in 60 districts on the Tanzania mainland. An indicative budget for a period of 10 years is USD 9.5 mill.

The programme is a collaborative effort that will include a number of key stakeholders. The major stakeholders are the Ministry of Co-operative and Marketing (MCM), Co-operative College (CC), Tanzania Federation of Co-operatives (TFC), Savings and Credit Co-operative Union League of Tanzania, (SCCULT), Co-operative Audit and Supervision Cupertino (COASCO), International Co-operative Alliance (ICA) and Norges Vel. The programme is linked to various rural developments sectors documents. These include Rural Development Strategy (RDS), Agricultural Sector Development Strategy (ASDS), Poverty Reduction Strategy Paper (PRSP), Co-operative Development Policy (CDP) and the Co-operatives Society Act (CSA).

The challenge ahead is for co-operative education and training to contribute to poverty alleviation through:

1. Creating opportunities where members apply participatory democracy as a means of creating solutions and resolve economic and social problems.
2. Members' innovative application of entrepreneurship skills in searching for products, new markets, technologies, new ways of doing things.
3. Creating development leaders capable of facilitating effective participatory democracy in co-operatives to allow members to solve their problems as positive actions against poverty.

The major components of the programme are:



- (i) Member empowerment through active participation in management, planning and control.
- (ii) Enterprise development through enhancement of business planning and operational marketing skills in the membership: development of group business planning, marketing and business budgeting skills.
- (iii) Expanding members' capacity for advocacy and lobbying.
- (iv) Enhancing the empowering capacity of co-operative development support institutions to create greater room for freedom and autonomy of the co-operatives; to genuinely be committed to handing over the running of affairs of co-operatives to the members.

## **THE APPRAISAL**

### **Objective:**

Analyse and appraise the MEMCOOP strategic plan in order to determine the scope of Norwegian support to the implementation of the programme.

### **Outputs:**

An oral briefing at the Royal Norwegian Embassy in Dar Es Salaam concerning the missions main findings and preliminary conclusions and recommendations; and

Appraisal report analysing the relevance, scope and feasibility of the proposed programme.

### **Scope of work:**

1. Make an overall assessment of the present Norwegian support to MEMCOOP;
2. Review the proposed national wide MEMCOOP implementation plan (activities) and its potential impact on:
  - a) Creating opportunities where members apply participatory democracy as a means of creating solutions and resolve economic and social problems.
  - b) Improving members' innovative application of entrepreneurship skills in searching for products, new markets, technologies, new ways of doing things
  - c) Creating development leaders capable of facilitating effective participatory democracy in co-operatives to allow members to solve their problems as positive actions against poverty.
3. Assess if the proposed programme is in concurrence with Tanzanian and Norwegian policy concerns;
4. Discuss feasible options for the managerial and organisational set-up of the proposed programme and present recommendations to this aspect. Assess also following aspects:
  - a) Assess the willingness of the major stakeholders involved in the programme to co-operate (also potential problems between institutions – which could stall/delay the implementation of such a large countrywide programme).
  - b) Assess if the Co-operative College - Moshi is the best institution to implement the programme.

- c) The personnel who will implement the programme will be recruited from the Co-operative College. Assess if this will cause conflict with other stakeholders.
- d) In view of the historical development of the co-operative movement in Tanzania assess other potential risks, not mentioned above, which may have a negative impact on the implementation of the programme.
5. The wing tutors in collaboration with the District Co-operative Education Team (DCET) will implement the activities on the ground. What mandate will the programme get over the Wing tutors and DCET (e.g. can they be held accountable?)
6. Assess the proposed budget with respect to cost effectiveness.
7. With respect to other activities presently supported by Norway provide advice and suggestions of possible synergy effects and suggest concrete collaborative efforts (e.g. support to the Management of Natural Resources Programme implemented by the Ministry of Natural Resources and Tourism)
8. Suggest in which districts/regions the programme should first be implemented?
9. Assess whether the effects of the support are likely to continue after the end of the programme period.
10. Suggest key indicators that should be used to assess the performance of the programme over time.
11. Provide an analysis of the suggested goal hierarchy and suggest possible improvements

### **Method of work**

The following methodological approaches could be relevant for carrying out the appraisal:

- ◆ Make a thorough assessment of the available documentation also rural development sector documents. These include Rural Development Strategy (RDS), Agricultural Sector Development Strategy (ASDS), Poverty Reduction Strategy Paper (PRSP), Co-operative Development Policy (CDP) and the Co-operatives Society Act (CSA);
- ◆ Collect information through field visits; This should include visits to Moshi, Dar es Salaam and one or two other suggested regions that may be included in the programme
- ◆ Have further discussions with relevant and central stakeholders including: the Ministry of Co-operative and Marketing (MCM), Co-operative College (CC), Tanzania Federation of Co-operatives (TFC), Savings and Credit Co-operative Union League of Tanzania, (SCCULT), Co-operative Audit and Supervision Cupertino (COASCO), International Co-operative Alliance (ICA) and Norges Vel. In addition it is suggested that discussions be held with Ministry of Agriculture and Food Security, Ministry of Natural Resources and Tourism, Sokoine University of Agriculture and a selected group of bilateral and multilateral donors providing support to rural development.
- ◆ Analyse findings in order to provide recommendations for prioritisation of the utilisation of Norwegian support and co-operation; and

- ◆ Present and discuss with the Ministry of Co-operative and Marketing as well as the Co-operative College
- ◆ We expect the team to collaborate with national – and international experts.

#### **TEAM COMPOSITION**

The appraisal team should include expertise on co-operatives, small-scale enterprise development, gender etc. It should include a least one person with excellent knowledge of Tanzania and its national plans and strategies, especially those pertaining to co-operatives.

#### **REPORT**

The draft report shall be submitted not later than the 12 September 2003. The report shall include a summary presenting specific recommendations. The final report, based on comments received, shall be submitted to NORAD not later than the 3 October 2003. Ten binded copies of the final version of the report shall be submitted to NORAD/Technical Department.

## APPENDIX 2

### ITINERARY FOR APPRAISAL: TAN 2307 MEMCOOP

DATE/DAY	TIME	ACTIVITIES	CONTACT OFFICER
SUNDAY 10.8.2003	8.45 p.m.	Arrival of the team at KIA , collected and proceed to Arusha. Put up at Impala Hotel	PRO and Mashaka
MONDAY 11.8.2003	8.30 – 9.30 a.m.	Discussion On MEMCOOP with Arusha Wing of co-operative College	Resident Tutor – Mrs G. Minja
	9.30 – 10.30	Discussions with Arusha Co-operative Union (ACU)	General Manager Mr. Sirikwa
	11.00 – 1.30 p.m.	Visit Singisi Meru Primary Society - Visit another Primary Society to be identified.	Resident Tutor Mrs G. Minja
	2.30 – 4.30 p.m.	Visit Nkoanrua Primary Society	Resident Tutor Mrs G. Minja
	4.30 – 6.00 p.m.	Drive to Moshi and put up at Kilimanjaro Cranes Hotel	PRO
TUESDAY 12.08.2003	8.30 – 9.00 a.m.	Cooperative College Moshi Briefing on MEMCOOP: History, Problems and the MEMCOOP Program	Principal; Prof. S.A. Chambo; DFE- Mr. Mkwizu
	9.00 – 9.30 a.m.	Briefing on MEMCOOP Pilot Outputs	Mrs Macha- Resident Tutor Kilimanjaro Wing/Mr. H. Mtenga
	9.30 – 12.30 p.m.	Visit Karansi Primary Society	Secretary Manager
	2.00 - 6.00 p.m.	Visit Chawampu Primary Society	Secretary Manager
WEDNESDAY 13.08.2003	7.30 - 6.30 p.m.	Travel to Rombo District; - Hold discussion with the DC & DCO. - Visit Tarakea Primary Society - Visit Mamsera Primary Society	Mr. R. Mushi Mr. Somba Secretary Manager, Secretary Manager
THURSDAY 14.08.2003	8.30 – 9.30 a.m.	Discussions with Kilimanjaro Native Co-operative Union (KNCU) on MEMCOOP Programme	General Manager Mr. R. Kimaro
	9.30 – 10.00 a.m.	Discussion with Kilimanjaro Cooperative Bank- (KCB)	General Manager Mr. Kulayar
	11.00 – 6.00 p.m.	Travel to Dar Es Salaam	Team

*MEMCOOP Phase II-Appraisal Report*

FRIDAY 15.08.2003	9.30 – 10.30 p.m.	Visit to Norwegian Embassy	Team
	11.00 – 12.30 p.m.	Discussion with the Ministry of Natural Resources	Prof. S. Iddi and misc. Min. staff.
SATURDAY 16.0.2003	9.00 – 12.30 p.m.	Discussion with International Cooperative Alliance (ICA)	Regional Director B. Kadasia,
SUNDAY 17.08.2003			
MONDAY 18.08.2003	9.00 – 10.00 a.m.	Discussions with the Tanzania Federation of Co-operatives: (TFC) History, Problems and the MEMCOOP Programme	Secretary General Mr. Said S. Said
	10.00 – 12.30 p.m.	Discussions with the Savings and Credit Co-operative Union League of Tanzania: (SCCULT) History, Problems and the MEMCOOP Programme	The Executive Officer; Mr. Abdul Mshaweji
	2.00 – 3.00 p.m.	Discussions with Ministry of Agriculture/ PADEP	PADEP Proj. Coordin. S.A.N. Muro
	3.00 – 6.00 p.m.	Travel to Morogoro	Team
TUESDAY 19.08.2003	8.30 – 10.00 a.m.	Discussion with Rural Markets Development Programme	Gender and Ext. Officer, Mr. J. Shekilango
	10.3 – 11.30 a.m.	Discussion with Sokoine University of Agriculture – UMADEP Project	Prof. Matee
	2.00 – 3.00 p.m.	Visit and hold Discussions with Morogoro Farmers Co-operative Union	Proj. Ass. Coordinator A. Mguma
	4.00 – 6.00 p.m.	Travel to Dodoma	Team
WEDNESDAY 20.08.2003	8.30 – 9.30 a.m.	Visit Dodoma Wing of Co-operative College	Mr. Alvin Uronu – Field Education Officer
	9.30 – 10.00 a.m.	Meet Act. Permanent Secretary Ministry of Co-operatives and Marketing	Act. Perm. Secretary Ms. E. Nyambibo
	10.00 – 11.30 a.m.	Discussions with Ministry of Co-operatives and Marketing Senior Officers on History, Policy, Legislation, Problems and the MEMCOOP Programme	Dr. A. Kashuliza Dr. Turuka, Mr. Chacha Mr. Shashi, Ms. C. Joseph
	11.30 – 12.30 p.m.	Discussions with Co-operative Audit and Supervision Corporation (COASCO)	Director General – Mr. Masha
	01.00 – 07.00 p.m.	Drive to Dar es Salaam	
THURSDAY 21.08.2003	9.00 – 5.00 p.m.	Draft Report writing.	Team
FRIDAY 22.08.2003	10.00 – 11.30	Debriefing at the Norwegian Embassy	Team, Embassy officials, Min. Coop, Professor Chambo, Mr. Mkwizu
	2.00 – 3.00 p.m.	Discussions with Permanent Secretary, Ministry of Co-operatives and Marketing	Dr. L. Komba, Professor Chambo, Mr. Mkwizu
SATURDAY 23.08.2003	9.00 – 8.30 p.m.	Draft report writing before departure to Norway and Sweden	Team

## APPENDIX 3

### Institutions and people met during the appraisal mission 10-23 August 2003

<i>Date</i>	<i>Place</i>	<i>Contact Person</i>	<i>Position</i>
Monday 11.8.2003	Arusha Wing of Cooperative College.	Mrs Grace Minja Mr. Richard Solomon	Resident Tutor Tutor
	Arusha Cooperative Union (ACU)	Mr. John Ole Sirikwa Mr. Emiliano J. Mbise Mr. Clavel Mkwawa  Mr. Andrew Mbise	General Manager Cooperative Education Publicity Officer Assistant Cooperative Education Publicity Officer Commercial and Marketing Manager
	Singisi Meru Primary Cooperative Society	Anali S. Mbise William D. Mbise Naiman N. Kiungai Mrs Hikisaeli Mbise Mr. Elisante S. Akyoo Mr. Ndewirwa E. Pallangyo Mr. Jeremia P.H. Kitomari Mr. Peniel K. Kitomari Mr. Tito Sekere Mr. John Z. Urio	Chairman Vice Chairman Secretary Committee Member Committee Member Committee Member Member Member Member Member
	Nkoanrua Primary Cooperative Society	Mr. Hamidu Musa Mr. Rishael Nanyarao Mr. Samuel Fanuel Mr. Godlove Loth Mr. Amineili Kundaeli Mr. Josephat Shami Mr. Moses Abraham Mr. Emmanuel Mavere Mr. John Fanuel Mr. Dickshon Ismaeli	Chairman Vice Chairman Committee Member Committee Member Committee Member Member Member Member Member Member
Tuesday 12.8.2003	Cooperative College Moshi	Prof. Suleman Chambo Mr. Wilson M. Mkwizu Mrs. Fortunate A. Macha  Mr. Hermengild V.F. Mtenga	Principal Director of Field Education Coordinator and Field education i/c Kilimanjaro Wing Lecturer, Department of Field Education
	Kiransi Primary Cooperative Society	Julius Mollely Mrs Adelmars Makata Mr. Wilfied Ndesario Mr. Elibariki Sakawa Mr. Wilson Mbise Elia Emanuel Jackson Mbise	Chairman Secretary Assistant Secretary Member Member Member Member
	Chawampu Primary Cooperative Society	Mr. Abdarahamn J. Kilendu Mr. Mohamed J. Mshana Mr. Raphael M. Ndalechi Mr. Paul Kinanga Mr. Wiston Mngole Mr. Juma R. Kajembe Mr. Yona S. Msuya Mohamed A.N. Kilango	Chairman Secretary Committee Member Committee Member Committee Member Committee Member Member Member

		Mrs Atanasia Juma Mrs Agnes Wilson	Member Member
Wednesday 13.8.2003	Rombo District	Mrs. Rhuda E. Nsemwa Mr. Charles A.S. Olotu Mr. Julius M. Sambo	District Executive Director (DED) District Administrative Secretary District Cooperative Officer
	Tarakea Primary Cooperative Society	Mr. Samson Oisso Ms. Bertha P. Shirima Mr. Adam S. Mirau Mr. Velantin Kilahia Mr. John G. Mbogo Ms. Flerentin	Ag. Chairman Secretary Committee Member Committee Member Member Member
	Mamsera Primary Society	Mr. Felician Asenga Ms Mary F. Shayo Mr. Peter J. Myenge Mr. Peter N. Asenga Mr. Ernest M. Urrio Mr. Gasper S. Kimaro Mr. Silvetry Tarimo Mrs Katarina Thomas Mrs Theresa Salvatori	Chairman Secretary Ass. Secretary Committee Member Vice Chairman Member Member Member Member
Thursday 14.8.2003	Kilimanjaro Native Cooperative Union (KNCU)	Mr. Thobias Masaki Mr. Leonard M. Kimati	Administrative Manager Cooperative Education and Publicity Officer
	Kilimanjaro Cooperative Bank (KCB)	Mr. John Kullayar	General Manager
Friday 15.8.2003	Norwegian Embassy	Leif B. Sauvik Jan Erik Studsroed Eirik Jansen	Minister Council 1 <sup>st</sup> Secretary 1 <sup>st</sup> Secretary
	Ministry of Natural Resources and Tourism	Prof. S. Iddi Mr. D.V.N. Kihswela  Mr. I.M. Mfunda Mrs G. Mkamba Mr. Chiragi Mr. P. Mpuya	Director DfoB and PS Representative Assistant Director, FBD PC-MNRP Assistant PC – NFP Assistant PC – MNRP Project Coordinator Beekeeping Development
Saturday 16.8.2003	New Africa Hotel	Mr. Bernad Kadasia	Regional Director, International Cooperative Alliance (ICA)
Monday 18.8.2003	Tanzania Federation of cooperatives	Said S. Said Rashid A. Nakulenga	Secretary General Ag. Deputy Secretary General and Insurance Manager
	Savings and Credit Cooperative Tanzania League of Nations	Mr. Habibu Mutenzi	Field Service Manager
	Ministry of Agriculture	Mr. Simon A.N. Muro	Project Coordinator Participatory Agricultural Development & Empowerment Project (PADEP)

Tuesday 19.8.2003	Rural Markets and Development Programme	Mr. Justice Shekilango Mr. Jeremiah M. Mhina	Gender and Extension Officer (UMADEP) National Chairman (MVIWATA)
	Sokoine University of agriculture (UMADEP)	Mr. Athumani Mgumia	Assistant Project Coordinator (UMADEP)
	Morogoro farmers Cooperative Union	Mr. A.H. Chalamila	General Manager
Wednesday 20.8.2003	Dodoma Wing of Cooperatives	Mr. Alvin Uronu	Field Education Officer and Wing Tutor i/c
	Ministry of Cooperatives and Marketing	Ms. Elizabeth Nyambibo Ms. Catherine Joseph  Dr. A.K. Kashuliza Mr. E.B. Chacha Mr. S.S. Shashi  Mr. M.D. Udole	Acting Permanent Secretary and Director of Administration and Personnel Director, Policy and Planning Director and Registrar of Cooperatives Assistant Director of Cooperative Development Senior Economist-Marketing Division
	Cooperatives and Audit Supervision Corporation (COASCO)	Mr. Severin Mosha	Director General
Friday 22.08.03	Ministry of Cooperatives and Marketing	Dr. L.C. Komba	Permanent Secretary



## APPENDIX 4

### PACE –

#### PROMOTING AREA CO-OPERATIVE ENTERPRISES

Programme aiming at increasing incomes to rural producers in Uganda by providing broker-oriented marketing- and purchasing tool

#### PROGRAMME IDEA

##### Introduction

Even though Uganda - guided by its Poverty Eradication Action Plan (PEAP) - has experienced recent reduction in the proportion of people living below the poverty line, poverty still prevails – in particular in the rural areas, according to the PEAP Status Report for 2002.

Uganda Co-operative Alliance (UCA) - together with its partners International Co-operative Alliance, Regional Office for East-, Central- and Southern Africa (ICA/ROECSA) and The Royal Norwegian Society for Development (NORGES VEL) – wishes to address the problems for producers in the rural areas of Uganda, and are jointly introducing PACE as a programme designed for this purpose.

##### **Increased incomes to rural producers through improved business performance**

UCA, ICA/ROECSA and NORGES VEL are all committed to the view that increased income can contribute to lifting producers in the rural areas out of poverty. Farmers must be encouraged to increase their production, to improve the quality of their produce and they must be inspired to diversify their production and start producing high-value crops.

However, the almost complete breakdown in the 1990s of farmer-owned marketing organisations (Co-operative Unions) has left rural producers without proper tools to access markets and bargain prices – resulting in dropping prices of their produce and increased production costs due to exploitation by private traders and retailers.

UCA has experienced that locally based and flexible Area Co-operative Enterprises can fill this gap and that the introduction of ACEs can dramatically and rapidly impact on farmers' incomes.

The PACE-programme is aiming at expanding the introduction of ACEs to 10 new districts in Uganda.

##### **Area Co-operative Enterprises – locally based and broker-oriented tools for marketing and purchasing**

Even after the breakdown of the Co-operative Unions, many producers have remained organised in their co-operatives or associations. However, these organisations have proved to be too small to give them the power they need to influence the market and bargain prices, and they provide a very limited range of services to their members.

An ACE is formed by 5-10 producer co-operative societies (at times jointly with farmers associations) within a given geographical area coming together to achieve

certain advantages of size. It is important that the number of farmers coming together is large enough for the purpose of bulking and gaining sufficient bargaining power. The member organizations buy shares in the ACE, elect a committee which then hires a person to co-ordinate their business and services by the ACE. The management structure has to be lean in order to keep the costs as low as possible.

The ACEs will not focus upon building up their own capacity regarding means of transportation, storage capacity etc, but will act as “brokers” for these services by using capacity provided by input suppliers and buyers. Further: unlike the old generation of district unions, ACEs have many functions, including:

- ACEs are finding market for a wide range of members produce and selling for them.
- ACEs collect and disseminate market information, among others from Uganda Commodity Exchange to which ACEs are linked.
- ACEs promote production of high-value crops.
- ACEs bargain acceptable prices on farming inputs.
- ACEs support agricultural extension services.
- ACEs organize production planning meetings for their members.
- ACEs organize rural markets.

Members pay a small commission per commodity, enabling the ACEs to become financially sustainable and to continue the services.

The PACE-programme will support the formation of new ACEs by training and sensitisation activities.

## **THE SCOPE OF THE PACE-PROGRAMME**

### **PACE – Timeframe, Geographical concentration and target group**

The draft Programme Document is designed for an intervention-period of 3 years, covering the following districts:

- Kapchorwa, Tororo and Kumi (the Eastern zone).
- Ntungamo, Rukungiri, Kanungu and Kabale (the Western zone).
- Kibale, Kyenjojo and Mubende (the Mid-West zone).

The programme is expected to involve 100.000 farmers and lead to the formation of 80 ACEs in 10 districts.

### **PACE – Overall goal**

PACE shall contribute to poverty reduction in rural areas in 10 districts of Uganda through increasing income for small-holders by introducing broker-oriented marketing- and purchasing organisations – Areas Co-operative Enterprises.

### **PACE – Activities and expected results**

Through PACE, the following main training and sensitisation-activities will take place:

- To recruit and train staff.
- To conduct baseline surveys.

- To select and train change agents.
- To train producers in modern production, post-harvest and marketing of selected commodities.
- To train managers of rural producers.
- To train leaders of producers' organisations.

The activities shall - within the end of the programme-period - lead to the following expected results:

- The incomes of 60 percent of participating producers to have risen by 30%.
- Increase in production by 30 percent.
- Increase in productivity by 20 percent.
- Improvement in quality by 10 percent.
- Improved prices by 20 percent.

#### **PACE – Cross-cutting issues**

The following cross-cutting issues will be assessed during the preparation and implementation of the programme:

- HIV/AIDS
- Gender
- Environment

#### **PACE – Budget**

Based on the draft Programme Document, a total of NOK 10.000.000 is sufficient to cover the 3 years intervention period.

#### **PACE – IN COMPLIANCE WITH PEAP AND MOU?**

##### **Priorities of the PEAP**

The Poverty Eradication Action Plan (PEAP) represents the development framework for planning and implementing all national interventions aimed at reducing poverty. This instrument has four pillars or goals:

- A. Fast and sustainable economic growth and structural transformation.
- B. Good governance and security.
- C. Increased ability of the poor to raise incomes.
- D. Enhanced quality of life of the poor.

Also sector-wide plans and strategies have been developed, including the Plan for the Modernisation of Agriculture (PMA). Both the PEAP and the PMA offer tremendous opportunities for people who have chosen the route of collective action to transform their lives.

The co-operative movement through the UCA has been actively involved in the process of developing these strategies right from the design to implementation, and UCA is currently also participating in the revision of PEAP and subsequently other sector-wide programmes.

*The introduction of ACEs must be acknowledged as a tremendous structural transformation of the marketing- and purchasing channels for small-holders of Uganda. The ACEs will create opportunities for small-holders to increase their incomes and thereby enhance their quality of life – in accordance with the PEAP-priorities.*

### **Priorities of the Norwegian government**

Guidelines for the bi-lateral development cooperation between Norway and Uganda are prepared by the Norwegian Agency for Development Cooperation (NORAD), based on the Memorandum of Understanding (MoU) between the Government of the Republic of Uganda and the Government of the Kingdom of Norway concerning Development Cooperation, signed January 31<sup>st</sup> 2001.

These guidelines states that the the overall goal of the programme is to support Uganda's efforts to reduce poverty, and that the development cooperation programme for 2001-2005 will focus on the following three programme objectives:

1. Contribute to Good Governance, Democracy, and Human Rights.
2. Contribute to Private Sector Development and Economic Growth.
3. Contribute to Social Development.

*Private sector development in rural areas of Uganda cannot omit the agricultural sector. Production, processing and marketing of various crops must be acknowledged as private sector development – and hence, the PACE-initiative should fall within programme priority #2. Further: undertaking these activities within the framework of member-driven and democratically governed organisation aiming at running their operations in a transparent and accountable manner, represents a genuine contribution to the good governance and democracy objective.*

## **CURRENT EXPERIENCES AND DONOR-COORDINATION**

### **The Elgon Co-operative Reform Project (ECRP)**

Through the framework-agreement between NORGES VEL and NORAD, NORAD and the Norwegian Co-operative movement (NORCOOP) has through the years 2001-2003 funded the Elgon Co-operative Reform Project (ECRP) in Kapchorwa (a district in the North Eastern part of the Uganda). The project has been managed by UCA in close cooperation with NORGES VEL and ICA/ROECSA, and ECRP marked the beginning of fruitful collaboration in Uganda between the three organizations.

ECRP was launched as a pilot-project, aiming at enabling members of the co-operatives in Kapchorwa to participate more actively and meaningfully in poverty alleviation strategies through their organisations.

Even though ACEs was not a part of the project plans, farmers have been inspired to form ACEs and these have been used as instruments for selling their products – even building-blocs produced by youth-groups in the area.

The results are encouraging, and have definitely boosted the idea of developing a more extensive programme to promote ACEs – integrated with the ideas on member-empowerment and member-control from the ECRP-pilot project.

**FETAS (Farmers' Empowerment through Agricultural Services)**

Parallel to the ECPR, the UCA has also managed the FETAS-project (Farmers' Empowerment through Agricultural Services), operated in cooperation with the Swedish Co-operative Center (SCC). Through this project, UCA has experienced the same as in the Elgon-project: introducing locally based and flexible Area Co-operative Enterprises can dramatically and rapidly impact on farmers' incomes.

**BEEP – Business Experience Exchange Programme**

Through the framework-agreement between NORGES VEL and NORAD, NORAD and NORGES VEL are currently funding a regional business-experience exchange programme (BEEP) aiming at allowing farmers' organisation in Zambia, Tanzania, Malawi and Uganda to share their experiences regarding business approaches, and thereby learn from successes and failures in the region. The programme is supported by research on various themes to unveil obstacles to successful trade- and business-operations in the region. NIBR ((Norwegian Institute for urban- and rural studies) is responsible for the research-part of the programme.

UCA is representing the farmers' organisations of Uganda in this programme, and could easily pick up new business-ideas and also convey their own experiences with ACEs through the programme.

**Donor-coordination**

During the preparation-period for the PACE-programme, this initiative has been discussed with the Swedish Co-operative Center (SCC) to ensure that support should not be overlapping but rather complementary and add value to rural producers in Uganda.

The fact that UCA is managing both initiatives should easily enable NORGES VEL and SCC to avoid overlapping, but the three organisations are aiming at establishing an even closer contact regarding the implementation of their respective programmes through establishing joint monitoring- and reporting sessions.

Further: ICA/ROECSA – possessing information on various initiatives throughout the region – will participate in monitoring of the PACE-programme and ensure that funds are not used in overlapping initiatives.

**MANAGEMENT OF THE PACE-PROGRAMME**

The programme as such will be managed and conducted by UCA, while monitoring and follow-up will be conducted in close cooperation with NORGES VEL and ICA/ROECSA.

The three parties will represent a partnership for discussions and programme-improvement – on an equal base.

## **APPENDIX 5**

### **EARTH University in Costa Rica Entrepreneurial Projects: A New Way of Learning Agribusiness**

EARTH was conceived and established as an institution of higher education focused on the learner and the learning process. EARTH seeks to offer an environment in which promising young people can develop in every dimension: intellectual, physical, emotional and spiritual, in order to assume positions of leadership in their societies. Some of the areas of innovation that make EARTH's learner-centered curriculum unique include: development of an entrepreneurial mentality and business capacities, teamwork, communication, and group problem solving skills.

Changes in world economies and national policies have favored the development of global markets and private industry. More emphasis has been given to the development of a viable and vibrant private sector, able to compete in the national and international market place. In the development and design of its curriculum and educational experiences, EARTH sought to create innovative, experiential learning processes designed to produce a more holistic and integral educational experience. The Entrepreneurial Projects Program was developed as an integral component of EARTH's curriculum for this purpose.

The Entrepreneurial Projects Program is a permanent course whose purpose is to systematically develop in the student an entrepreneurial mentality, as well as the business skills required by agricultural professionals in the twenty-first century.

#### **Goals of the Entrepreneurial Projects Program**

- To train students to become entrepreneurs, capable of integrating the economic, social and environmental aspects of a business.
- To promote the creation of economically profitable, ecologically viable and socially acceptable food production enterprises, and to develop value added businesses in the agricultural food system.
- To develop the student's leadership skills.

This course is one of the cornerstone courses to EARTH's curriculum. It not only develops business knowledge and skills in EARTH students, it also permits them to integrate the theory and experiences that they are learning in their other courses, to the planning and implementation of their business ventures experience. The students form businesses and must find a faculty sponsor to act as the technical advisor for their business venture. Decision-making, however, is carried out independently by the members of the business, and the students are evaluated based on their performance.

From the moment that the students arrive at EARTH, through their third year of studies, they participate as partners in the development and running of an agribusiness. As they are going through the different phases of developing a business, they simultaneously receive instruction in the theoretical knowledge required to put their business into practice, so that the theory received corresponds to the

requirements of their practical experiences. The table below presents the sequencing of the applied business development experiences and the corresponding topics treated in the structure of the classroom.

### **Entrepreneurial Projects Sequence (Agribusiness and Classroom)**

<b>Trimester</b>	<b>Agribusiness</b>	<b>Classroom</b>
1	Agribusiness creation and organization Idea generation	Module 1: Agribusiness organization and planning
2	Idea generation and evaluation Information research	Module 2: Feasibility study (Market and technical study)
3	Writing process Oral presentation and defense Loan approval	Module 3: Feasibility study (Environmental, social and financial study)
4	Agribusiness starts and follow-up Managerial reports and meetings	Module 4: Agribusiness Accounting
5	Running agribusiness and follow-up Managerial reports and meetings	Module 5: Agribusiness Management
6	Running agribusiness and follow-up Managerial reports and meetings	Module 6: Agribusiness Marketing
7	Agribusiness finishes Managerial reports and meetings Oral and written presentation	Module 7: Agribusiness Evaluation (Assessment)

#### **The Agribusiness**

Using an experiential learning approach, during the first trimester following their arrival, the students organize themselves into teams, searching for partners for the creation of their agribusiness. By the end of the first trimester the business must be formed. The students must begin by structuring their business, creating a management structure, developing a Mission Statement and setting Objectives for their venture.

The next phase of their business development is the search for investment opportunities. During the second trimester, the team begins the feasibility study analyzing the market performance and potential of the enterprises that they have selected and performing a technical analysis of the requirements for producing the product, including all input requirements and alternative technologies available.

During the third trimester, the businesses analyze the economic and financial aspects of their proposed enterprises, to determine economic and cash flow requirements and the potential return on the capital investment. They also perform an analysis of the social and environmental consequences of the proposed business ventures. By the end of the year, each business enterprise must present their proposed investment, orally and in written form to a review committee.

EARTH's Entrepreneurial Programs Office (OPE) is the financing source. Acting as a bank, the OPE will finance a qualified business venture for up to \$3000.00 as working capital. An annual percentage rate (APR) of 22% is charged on the value of the loan. The students provide most of the labor required by their business ventures, and therefore labor as well as their management is the business' primary source of equity. All the disbursements are made according to the approved cash flow.

The next phase, beginning during the second year of study at the university, is the implementation of the business. This phase includes at least one complete cycle of producing the product, and marketing and sales of the product. The students must hand in monthly managerial reports, which include the activities performed during the period, as well as accounting and cash flow reports. On-site evaluations are also conducted by the business faculty, as well as by experienced older students, and by personal from the OPE.

The business venture must cover all costs incurred by their enterprise, including land, capital, all inputs, and labor, including their own. In addition, each business activity is charged an administrative cost associated with the use of fax, telephone, the internet and office supplies, as well as an Ad-Valorem Green Tax applied for the use of inputs such as agrochemicals that are known to be harmful and to have externalities associated with their use. The idea of this tax is to discourage the use of harmful inputs, and to stimulate creative innovation in the search and application of new practices or technologies.

The third phase of the entrepreneurial projects is the finalization and liquidation of the project. When the business venture has finished, after selling all of the product and collecting and paying all bills, a final report must be presented that includes the final production and financial results of the venture. The financial liquidation of the project determines the financial returns to the investment. With the returns that the venture earns students must pay out all cash expenses first, then pay out the cost of land and capital to the loan fund, and finally, assuming that there is still cash available, pay out the cost of their own labor.

Then profits are determined. Of the total profits, 67% goes to the members of the agribusiness enterprise. The remaining 33% goes back to EARTH's Investment Fund, which is used as a contingency to cover projects that may not have been successful, and to increase the size of the investment capital for the future. Every agribusiness (successfully finished or not) must be self evaluated and presented to first-year students as a means of sharing experiences, problems, and strategies applied to situations that arise during the implementation of the project. Historically, the majority of the projects have been financially successful.

For more information, see <http://www.changetropics.org/download/earth2000.pdf>



## **APPENDIX 6**

### **National Agriculture Advisory Services in Uganda (NAADS)**

As a reflection of poor performance of agriculture extension services in Africa throughout several decades, the traditional system for extension service in Uganda was changed drastically when formulating the Plan for Modernisation of Agriculture a few years back. It was realised that the farmers' needs for assistance should be the focal point. A basic principle for NAADS is that the farmers organise themselves into small or bigger producer groups and agree on the type of help they would like to request from NAADS. The crops are different from one place to another and the local circumstances changes over short distances. It was therefore important bottom line when formulating NAADS to give the farmers opportunity for a tailor-made services fitting the individual groups' explicit needs. Having identified the needs, the producer groups will also indicate who they prefer to get the services from, and then they enter into a contract with NAADS, who will cover the expenses for the services in question.

Many development partners, together with the World Bank, agreed to support NAADS financially, and the initial budget was more than USD 80 mill.

A separate act passed the Parliament for that purpose. A new type of extension services is consequently now in operation in Uganda. The time will show how effective this system is going to be, but it indicates a will to try out new ways in providing assistance to the farming communities, being the backbone for economic and social development.

The ultimate goal of NAADS is that the farmers shall pay for the services, but it was realised that this will take some time, until the economy of the farming communities permits to do so.

The NAADS concept in Uganda is an interesting attempt in searching for the best way of assisting the Primary Societies in Tanzania; help to self-help and practising the basic idea of making a conducive framework for independent strong grass-root and democratic organisations, with as little intervention of the Government as possible.

The agriculture extension service in Tanzania is not working adequately, due a series of problems. These shortcomings also affect the development of the Primary Societies, because agriculture is their basis, and they need assistance in many fields to modernise the production, introduce soil conservation methods, paying attention to environmental aspects, introducing new technology, diversifying the crops, post harvest handling and technology, marketing, etc. Without easy access to this type of assistance, as complementary to the training offered by the College of Co-operative, the expected progress of the Primary Societies is not easily forthcoming.

The College of Co-operative has trained a number of change agents, who should act as the primary resource people in different fields for the Primary Societies; in agriculture, co-operatives, community development, etc, but the team has experienced that these agents are not operating as expected. The reason for this may be many, but one should be aware that the change agents are employees of the District Council, being part of an inefficient and poor government administrative apparatus. This

personnel report to the District Executive Director, and further on to the Ministry of Local Development, and not to the Ministry of Cooperatives and Ministry of Agriculture.

It is a fact that the District Councils suffer severely from lack of resources, e.g. transport, and the very low salaries sometimes are not being paid in time, making the personnel in question frustrated.

The described situation is likely to continue due to the economic situation in the country in foreseeable future, and the system introduced of change agents within the Government's system will hardly improve up to an acceptable standard for the Primary Societies.

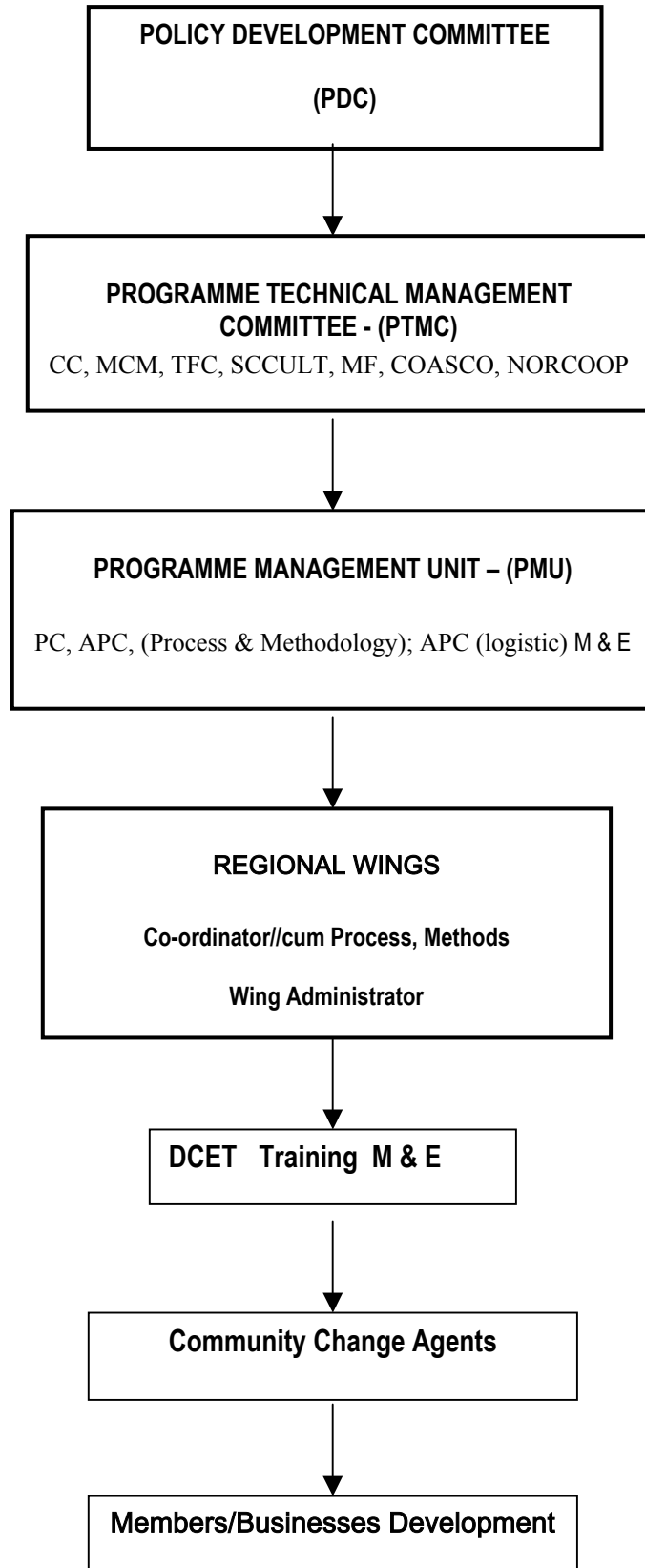
The question is if the principles of NAADS in Uganda could be introduced in this project as a pilot scheme for a certain time period and in a defined confined area.

This requires a fund to be established, and a set of rules for operating the fund. The NAADS Act in Uganda would be a good help in this context.

Based on the experienced shortcomings in the system of change agents, and the crucial role this type of services play for the Primary Societies, the appraisal team recommends that the suggested pilot scheme deserves to be tried out on a trial basis. Necessary mechanisms should consequently be worked out and put in place as part of the project preparation.

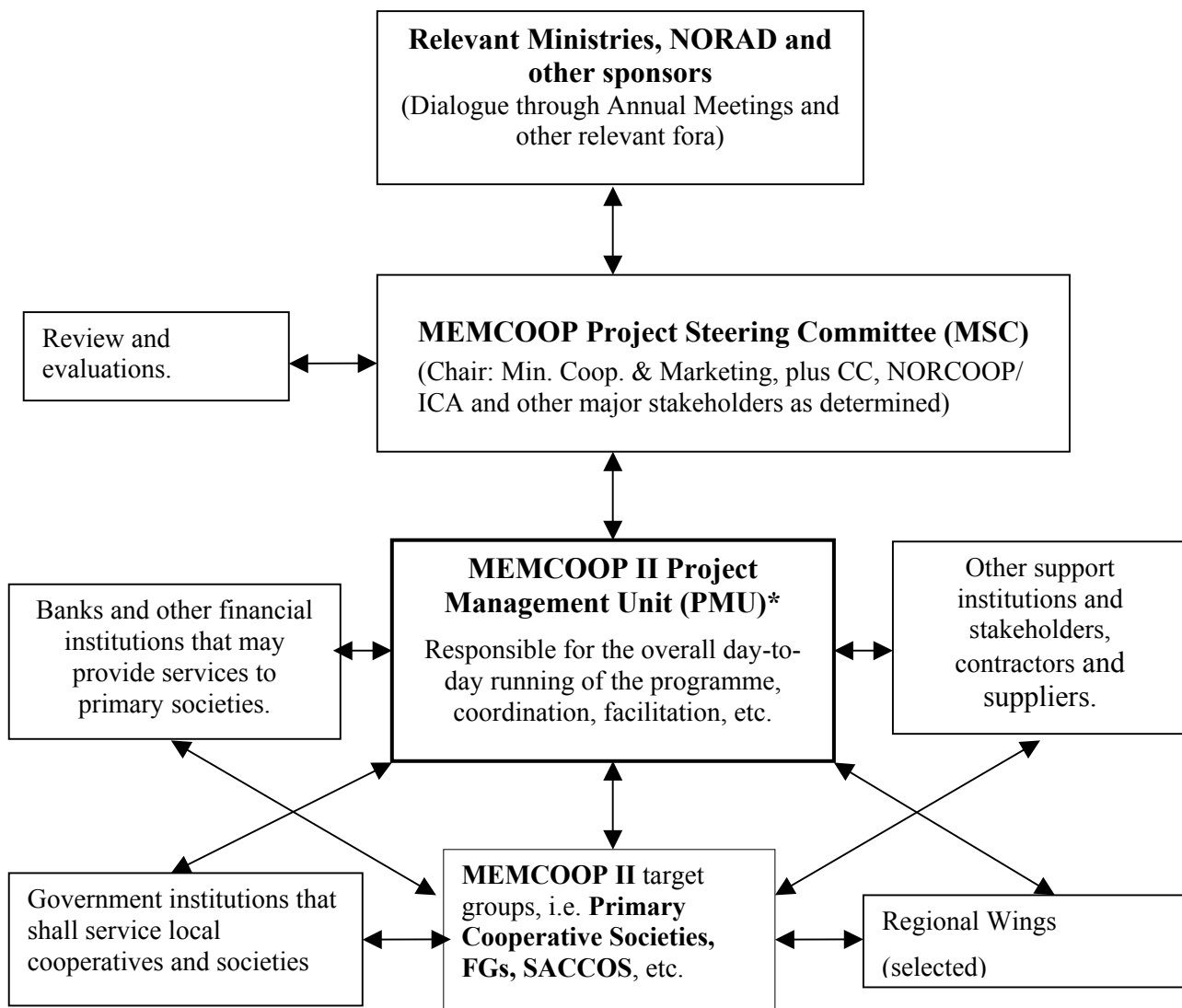
**APPENDIX 7**

**Programme organisation and management organisational structure as proposed in the MEMCOOP II project document**



## APPENDIX 8

### MEMCOOP II Organization and Management. Appraisal team's proposed organisational structure.



\* The MPMU is the “*spider in the web*” that coordinates, facilitates and provides support and services to MEMCOP’s target groups as of their priorities and requests.

## APPENDIX 9

### THE WAY FORWARD IS TO GET BACK IN BUSINESS!

**By Bengt Kjeller**

The MEMCOOP phase II document implies a number of teams and actions directed towards the co-operatives, but only a modest part of the total resources are directed to business activities and entrepreneurship in the societies. In long term perspectives alternative crops have to be identified due low profit in the traditional cash crops, but this will take some time. In the short term societies must concentrate on the most urgent farmers' priorities.

Farmers believe in deeds, practical results and not in words. Co-operative participation is a result of benefit sharing – exemplified by improved income and reduced cost of inputs – and not only being sensitised about the co-operatives.

The societies must be put on a sound economic footing and soonest get back into profitable business, as a means to survive.

There could be a three-step ladder for a society to move back into business:

- To analyse past successes and failures, applaud, mourn and bury.
- Determine exactly the present situation and put the house in order.
- Deliver the goods and concentrate on optimal business alternatives for farmers.

**Step 1.** The Society Task Force to clean the table.

There are no blueprints for how the very different societies should get back into business. Each society will have to analyse its own situation and decide on how to get moving, or if to liquidate the society.

The members should democratically elect a Society Task Force to look into the successes and failures of the society. The findings should be presented to the society and discussed thoroughly. The result should be documented.

The co-operatives need both moral and economic revival. It may be necessary to mourn over a hearty felt loss, such as the co-operatives has suffered, leaving the bad experiences behind, raise the head and move forward.

**Step 2.** Put the co-operative society house in order.

The task force should establish the present situation and make recommendations to a Special general Meeting on how to get the society on a sound footing again.

The following should be established with recommendations:

- Membership status in both quantity and quality (produce sales, inputs purchased, credit/member)
- Board composition and performance

- The staff situation
- The Supervisory Committee composition and performance
- The conditions of the property of the society such as buildings, equipment etc
- The economic state of affairs, i.e. analysed audited accounts
- Any other relevant business

Members must take charge in directing the society as well as to do the repair work and contribute financially. If the members do not have enough confidence and commitment regarding this task, nobody else will do.

**Step 3.** Deliver the goods.

The board of the society with its Secretary Manager should prepare a business plan for the coming year and have it discussed with the members. The priorities of the plan should be those of the members. It is important that the targets are well founded and realistic. The plan should clearly define targets, required resources and its sources, actions by whom and when. Implementation will require close attention, adjustments and follow up.

Targets could be to:

- pay farmers 10 % more for produce than private traders and buy x % of crops;
- supply defined inputs at competitive prices;
- establish with other societies for marketing and supplies;
- establish contact with agriculture extension and develop a cost effective system for agriculture information and extension for members on a cost sharing basis;
- provide information and training to members, board and staff.

**Recommendation:**

The MEMCOOP should urge and assist the societies in taking necessary action along the line as described above, and formulate and execute the business plan.

## APPENDIX 10

### Localised Institutions for Finance and Enterprises that need to be in place

Institution	Level	Membership	Function	Why
1. Savings and credit Groups (SLG)	Ten Cell of a Village	10 – 15 individual members	<ul style="list-style-type: none"> <li>- Managing of savings and credit transactions</li> <li>- Smaller credit needs through own savings</li> <li>- Leveraging money from other institutions</li> </ul>	<ul style="list-style-type: none"> <li>- To enable the members to manage the S &amp; C activities independently at a cell level.</li> <li>- Primary unit of handling transactions directly with members</li> </ul>
2. Savings and credit Associations (SACAs)	Village / Ward	10 – 15 primary groups of homogenous socio-economic context	<ul style="list-style-type: none"> <li>- Promotion and strengthening of groups in neighbouring villages within the vicinity of 5-10 kms</li> </ul>	<ul style="list-style-type: none"> <li>- To provide promotional support on continuous basis at local level for long term continuity and growth of primary groups in particular geographical area</li> </ul>
(b) Financial	Village / Ward	10 – 15 primary groups of homogenous socio-economic context	<ul style="list-style-type: none"> <li>- Creating greater access to credit for primary group.</li> <li>- Leveraging funds and on lend to primary groups.</li> <li>- Strengthen financial systems and financial capacity of primary groups</li> </ul>	<ul style="list-style-type: none"> <li>- To increase the access of primary groups for meeting various “non conventional” credit needs of higher order and fill the gap in credit demand at local level</li> <li>- To channel funds to primary groups mobilized directly and through SACCOs</li> </ul>
3. Savings and credit primary Cooperative Societies (SACCOs)	Ward/ Division	75 – 100 primary groups	<ul style="list-style-type: none"> <li>- Building solidarity of groups at ward/division level development administration</li> <li>- Promotional activities for development of primary groups</li> </ul>	<ul style="list-style-type: none"> <li>- To provide at ward/division level integration of community Banking efforts</li> <li>- To promote continuity of programme by women</li> </ul>
(b) Financial	Ward/ Division	75 – 100 primary groups	<ul style="list-style-type: none"> <li>- Greater access for credit to primary groups</li> <li>- Leveraging loan funds from apex financial institutions (BoT, NMB etc)</li> </ul>	<ul style="list-style-type: none"> <li>- To fill the credit gap not met and managed by Banks</li> <li>- To manage and relate the collaboration with apex organizations which are focused on specific activity and the quantum of support is huge</li> </ul>





