

Examining Success Factors for Sustainable Rural Development
through the Integrated Co-operative Model

Section Two

Comparative Policy Analysis for
Rwanda, Uganda, and Tanzania

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1 Introduction

THE MAIN RESEARCH OBJECTIVE on co-operative policy analysis is stated as follows: Identify key elements of an enabling environment that allow the model to achieve rural development results (in terms of poverty reduction and increased economic activity). Building on this, identify necessary conditions for implementing the model with beneficial results.

First, we will briefly underscore the historical background to co-operation and co-operative development in the East African Region. We will look at the emergence of co-operative policy in the continent, because, there is a concrete history of co-operative policy formulation, which came as a result of continued interaction and dialogue, between governments and the co-operative movement, triggered by ICA — Africa in early 1980s. The decision to formulate co-operative policy before co-operative legislation has provided an important opportunity of looking at co-operative development in Africa in a wider perspective than the narrow exposition of co-operative legislation alone. We will tie up the introduction with general theoretical tools of co-operative policy analysis in the context of rural development.

After the theoretical framework, we will look at how key elements of co-operative policy in Rwanda, Uganda, and Tanzania have created an enabling environment that allow the Integrated Co-operative Model to achieve rural development results in terms of poverty alleviation and increased economic activity.

In the third level of the policy analysis we will synthesize field data in identifying necessary conditions for implementing the Integrated Co-operative Model, to see if it has beneficial results to the members and the community at large. It must be recognized that while the co-operative enterprise is working in the agricultural sector in the three countries, each of them has its co-operative history, structure, policy and legislation that call for specific treatment in the analysis to distinguish whether the Integrated Co-operative Model can be implemented by the members.

1.1 Brief Historical Background to the Co-operative Enterprise in East Africa

The co-operative enterprise as we know it today was established in Africa during the colonial administration. While the initial establishment was guided by the need to search for better prices for small holder farmers in the marketing of agricultural export commodities, it introduced a historical bias of not addressing other important commodities for small holder farmers. The establishment of export commodity biased co-operatives had profound effects of negating the need to promote other types of co-operatives such as financial services, housing, fisheries and industrial co-operatives. Except for the current upsurge of financial co-operatives, the other types of co-operatives are minimally developed in almost all African countries.

The historical commodity bias, of agricultural co-operatives, established under the colonial rule, had the following features: First, they were extractive based as the collection of raw material for European industry in response to the economic depression of the 1920s. Second, the establishment of co-operatives was more legalistic, putting structures for co-operative operations before practice. Third, the agricultural co-operatives were not backed by co-operative based financial services and fourth, the co-operative enterprise was seen as a centre for receiving international and government assistance rather than institutions of self reliance. The original members were mostly subsistence farmers who produced their own food as well as producing export crops. It is the externally demanded commodities such as coffee, cotton, cashew nuts and tobacco, which took them to the exchange economy and competitive market as subsistent farmers.

Given the four features above, the co-operative enterprise, had the following outcomes to the members: First, they ended up becoming centres of value migration (Slywotzky 1995) collecting raw material for further industrial processing in Europe where super profits were made. The value of a commodity is usually enhanced at the point of processing and not at the point of production and collection. Second, the co-operators in Africa had no choice of what crops to grow, but follow the commodities, demanded by European industry. Third, the emphasis on legal registration, denied the members the opportunity of making democratic discussion and decision making on what structures and the type of economic activities they wanted and considered viable for sustainable co-operative development. The members at the local level were subjected to a stream of costs of maintaining mid and top level structures of the vertically unified model working in the countries (Wanyama et al. 2008). The

fourth outcome, was the absence of co-operatively owned financial services institutions in support of co-operative business, exposed co-operative marketing, to capitalist credit exploitation through market price exploitation. Without in house co-operative financial services, it was difficult to control operational costs of agricultural marketing co-operative business. Fifth, the condition for building self reliance was divorced by the establishment of co-operative unions, which though owned by primary societies in theory, later practical experience, indicated that such unions became independent of the primary owners and lost important features of good governance. Such a condition, has led to continued dependency and poverty of the members of the mainstay agricultural co-operative movement in Africa.

But with all such problems of going through exploitative tendencies, co-operatives have had positive impact on the African continent: First, co-operatives provided market linkages for agricultural commodities at relatively better prices in the domestic economies as they removed middlemen traders. They were also a home of democratic practice. The Annual General Meetings of the members provided room for democratic discussions and consensus decision making. Co-operatives continue to provide room for negotiated solutions against current problems as well as creating room for positive change.

In this research, the Integrated Co-operative Model is considered more effective in providing solutions to the exploitative framework of a dependent co-operative movement as outlined above. This policy analysis part, will address the issues which provide for an enabling environment supported by a legal framework and governance, which project self-reliance, income generation, diversification and financial services control by the co-operative movement itself at the local level.

1.2 Emergence of Co-operative Policy Debate in Africa

Co-operative policy and legislation are considered to be instruments guiding the form and content, governing progressive relationships between the government and the co-operative movement in a given country. But depending on the attitude of government, such relationships may have far reaching negative or positive outcomes on the types, activities and impact on co-operative development, poverty alleviation and rural development in general.

Since the late 1980s, the African co-operative movement, working under the ICA ministerial conferences, made an important decision of advising governments to work

out co-operative policies in order to guide co-operative legislation. This departure was innovative because since the colonial days and almost twenty years after independence, the co-operative enterprise in Africa was led through co-operative laws only. As democratic demands started challenging co-operative law practice, it was seen that legislation alone would lead to both formal and informal control of the co-operative movement by the state.

Dulfer and Hamm (1997) have outlined four different positions about how governments can relate to the co-operative movement. The positions, move from extreme control by the state to a more education and democratic engagement of the state with the co-operative movement in any of the African countries.

The state co-operative relational positions include the *conflictive model*, the *complementary*, the *administrative*, and the *educational* models. The conflictive model gives a position that the state will always assume comprehensive control of the co-operative movement. Termed as the “officialized” model, it is conflictive because the mechanics of control assume that members of co-operative societies are small farmers who are weak in terms of resources and cannot manage to stand on their own. The members have all round to be assisted by the state. In this way, the government can provide agricultural input supply, management personnel, control the election process of co-operative leaders and giving directives as to where and how co-operatives should access finance and crop destination markets. This model existed in most African countries before liberalization.

The second relational model is the complementary, where the state takes a position of building alliances with the co-operative movement. The state recognizes the importance of the co-operative enterprise in the economy. But, as long as co-operatives are economic entities, they need to stand on their own and compete in the market place. The position goes by stating how the state can assist the co-operative movement only when it is necessary and for a very short period of intervention. If the intervention works with beneficial results to the members, it is good for both parties. But if it does not work, then let the co-operative movement learn from its own mistakes, reflect and change.

The third position is the administrative model of relationships. In this particular model, the state recognizes the co-operative movement as a real partner in development. The relationships here are similar to what Kaplan (1999), while looking at a framework for developing capacities of organizations, outlined a cycle of capacity development of three stages from *dependence*, *independence*, and *interdependence* of the structuring of state — organizational relationships. First, the government provides assistance to the co-operative movement

through selected types of interventions. Second, the movement has to be given responsibilities of starting to stand on their own feet as independent organizations. The third stage of the cycle is where the government and the co-operative movement see themselves as strong partners in development. This position of interdependence is the finality of the strategic administrative model, where both the state and the co-operative movement need each other and strongly reinforce each other. The fourth relational model is the educational. In this model, the state provides education, training and information to the co-operative movement. The education and training provided can be structured or unstructured, so that co-operative members assume control of their enterprise. The state may build universities, colleges and education centres for the provision of education and training to members, boards and staff of the co-operative movement including scholarships. The education and training provided, however, should be geared to empowerment of the members, creating entrepreneurship and collective decision making, so that members of co-operatives assume responsibilities of controlling their organizations.

It is important to note that, such models have provided guidelines for co-operative policy formulation in African countries, before and after economic liberalization policies. The application of such models however, has not taken strict dividing lines, but rather the implementation of such perspectives has overlapped from one system to another.

1.3 Typologies and Structures of Co-operative Movements

The use of co-operative laws without policies to guide them, ended with the creation of national co-operative structures which were costly and without the control of the members. Carlsson (1992) has outlined how different co-operative laws have been instrumental in defining what type and structure of co-operative movements should operate in different countries. The theoretical perspective of the structural development of co-operative movements, assume that the starting point for any co-operative movement is the ordinary membership. It is the members who form co-operatives and they want their co-operatives to solve their economic and social needs through them. But legislation may be driven by democratic principles or may not observe such principles. Given the perception of government on democracy, the state may expressly indicate that co-operatives are real partners in development but view the movement from a paternalistic perspective where the legal framework determines the structure. Such perspectives have in many cases ended up in generating the vertically integrated models or top-to-bottom structures.

Anglophone countries have had the experience of the vertically integrated model, known as the unified model (Wanyama et al. 2008) where out of the Co-operative Act, a tier systems structure is imposed on the primary societies. The structure starts from members who form primary societies. The law has historically been expressing the need for primary societies to form unions, and co-operative unions to form apex bodies, and later the federation at the national levels.

Anglophone countries adopted the unified model of the structure of the co-operative movement. When the structure is drawn from legislation designating that the movement need to be a four-tier structure, all co-operatives would be looking to build their four tier structures of primary, secondary unions, apex bodies and federation. As pointed out earlier, the policy decisions of building the structure of the co-operative movement, may be democratic or top bottom. When it is top-bottom, the movement is called *distributive*. When it is driven by the members, the outcome movement is termed as *collective*. A distributive co-operative movement is created by and operates according to the convenience of the government. For example, during the period of scarce commodities in Tanzania, in early 1980s, the government of Tanzania declared that all villages should form consumer co-operatives in order to handle scarce consumer goods. But when the shortages ended, consumer co-operatives were not seen in the market.

On the other hand, the law may just point out the possibilities of structures which will depend on the wishes of the members, guided by the principles of democratic control and economic viability. In this way, unions, apex bodies and federations, are only formed when there is need expressed democratically by the members. In this type of a collective movement, the primary co-operative societies know each other and can collaborate. The primary societies have a deep understanding of why they need vertical and horizontal collaborations and such collaboration gives information in shaping policy and legislation.

In this research, we are testing the aspects which allow the implementation of the Integrated Co-operative Model by a discussion on existing national structures to see whether they are distributive or collective, and to suggest areas of improvement.

1.4 ILO Recommendation 193 and Evaluation of Co-operative Policy

According to Pollet (2009), a number of African countries, are currently building confidence on the role of co-operatives in economic development and poverty allevia-

tion. It is also generally accepted now that government support to the co-operative movement is critically vital as evidenced by processes of updating policies and laws targeting the improvement of state co-operative relations for the development of autonomy, democracy and governance in the continent.

In evaluating the impact of co-operative policy and legislation, Theron (2010), has tried to bring about special qualitative tools for policy analysis, using a standard instrument of the ILO Recommendation 193 of which all ICA and ILO member countries are signatories. ILO Recommendation 193 recognizes the need for government support to the co-operative movement in each member country. But after such recognition, the ILO Recommendation puts the following criteria as assessment tools for successful co-operative policy, legislation and governance: The need for autonomy and independence, equivalent to the autonomy given to other forms of enterprises in the private sector. Among the other issues, most critical for this research are three and are as follows: The need for state support in the development of technical and vocational training skills, entrepreneurial and managerial abilities for the members, boards and staff. Second, is the promotion of education and training in co-operative principles and practices both in national and training in the wider society? Third is the state to provide training and other forms of assistance to improve the level of productivity and competitiveness of goods they produce.

As we shall see in the findings, the Integrated Co-operative Model is based on searching for business opportunities by the members. Therefore, the ILO Recommendation 193 on training, vocational skills, education, entrepreneurship and education, are critical for the success of the model in the context of agricultural co-operatives.

1.5 Self-Assessment of Co-operative Engagement into Policy Dialogue

While the ILO Recommendation 193 tries to assess the effectiveness of co-op policy including the allowance of the operation of the Integrated Co-operative Model, we also need an assessment instrument for evaluating the constructive engagement in policy dialogue from the perspectives of the co-operative movement itself. The assessment is guided by the following criteria:

- To what extent are co-operatives, as autonomous organizations, capable of utilizing opportunities offered by co-operative policy and legislation?
- To what extent are co-operatives aware of limitations put by co-operative policy on expanded democratic business development?

- To what extent are co-operatives using the policy and legislation to innovate new ways of expanding business locally, regionally, and globally?
- To what extent is policy formulation and implementation participative and transparent?

1.6 Description of the Integrated Co-operative Model

In this research, the Integrated Co-operative Model (ICM) is a co-operative system guided by the sixth principle of co-operation and exploits its associated co-operative advantages. Following are the basic features of the model:

- It is formed at the primary society level, where individual members are the drivers of integration.
- The members of the primary co-operative society seek opportunities by forming another co-operative society to meet expanded or new needs.
- The complementary co-operatives are formed by the same members and are operating in close proximity geographically to enhance access.
- The two integrating co-operatives are also institutional members of each other.
- A community of five hundred in which three hundred people are members of both an agricultural marketing co-operative and a savings and credit co-operative (SACCO) will have six hundred members, while the actual population is five hundred people.
- Each co-operative will have its own of directors and staff.
- The two co-operatives will have joint business plans so that each one of them enjoys the unique characteristics of the other.
- The six hundred members of the first two integrated co-operatives may decide to form a third co-operative society to respond to new needs, such as transport of agricultural produce. When the same six hundred members form the third co-operative society, the population of co-operative members will be nine hundred, while the basic population remains five hundred.
- Each co-operative has its own registration certificate.

The co-operative advantages of the Integrated Co-operative Model are many, but five are critical; First, the members are gradually being transformed into entrepreneurs, because there will be activity and commodity volume increases giving room for opportunity searching for markets and better buyers offering the best prices. Second, there is more interaction of same members consolidating their voice of collectivity. Third, integration creates the opportunity

for joint business planning, budgeting and marketing. Fourth is the widening of income generating possibilities, such as going into agro-processing value addition, reducing income poverty, and finally, contributing to rural development due to increased capacity for the provision of social services for the community. Enhanced social services include education and health services.

2 Country Policy Analysis and Governance

AS POINTED OUT EARLIER, our analysis of policy and governance will now move to individual countries. First, we provide special features of the policy and legislative environment supporting the Integrated Co-operative Model. Our analysis will be based on how the Integrated Co-operative Model is accommodated by the character of existing government — co-operative relations, the typology of current structure of the movement, implementation of the ILO Recommendation 193 and finally, we will demonstrate how the co-operative movement in each country is making use of policy and legislation opportunities. We will finally make our general conclusion as to the current state of co-operative policy and the accommodation of the Integrated Co-operative Model in the three African countries.

The age of policy and legislation in the research countries is given in the table below. From the table, both Uganda and Rwanda are more current in terms of policies and legislation. Tanzania is current in its legislation, but the policies need revision as already more than ten years old.

Table 1: Policy and legislation dates for Rwanda, Tanzania, and Uganda

Country	Policy Date	Legislation Date
Rwanda	2007	No. 50 of 2007
Tanzania	2002	No. 6 of 2013
Uganda	2011	No. 8 of 1991

Source: J. Theron, *Co-operative Policy and Law in East and Southern Africa: A Review* (Dar es Salaam, Tanzania: ILO COOP AFRICA, 2010).

2.1 RWANDA

Background to the Evolution of Co-operatives in Rwanda

Rwanda, a former Belgian colony, has passed through three phases of co-operative development. In the first phase, which started in 1949, it has been argued that co-operatives were for sustaining the colonial administration and not fit to be called member-owned organizations. According to Mukarugwiza (2010), the co-operative movement in Rwanda has passed three main phases serving different purposes; the colonial rulers promoted co-operatives to support colonial interests. This included the establishment of agricultural marketing societies for the export economy. The independent government took co-operatives as business entities, but for producing and sustaining the subsistence economy of the members. While the original colonialist structures agricultural co-operatives continued, the subsistent emphasis of the new government, ran parallel to it. The economic implications of this parallel situation, established two reinforcing organizational systems. First, the members remained subsistent and poor with co-operatives around. Second, they produced to serve the export economy where value migration continued unabated.

The Rwanda genocide of 1984 destroyed the existing co-operative enterprise system. But the current phase after the genocide, the state is looking at the co-operative movement differently and current policy formulation on co-operatives has a great input of consultations and participation of the co-operative members. A meeting on co-operatives, held at the United Nations in 2003, recommended among other things, the fact that co-operatives should not be used as instruments of the state, they should not be promoted as instruments of government policy implementation or technical aid programs and forums for political indoctrination. It was also emphasized that policies on co-operatives should move the co-operative enterprise away from dependency on the state.

Rwanda, a country of 12 million people, has 60 percent of its population in rural areas depending on agriculture for food and marketable surplus. That is why the agricultural co-operative movement is leading, as table 2, overleaf, demonstrates.

The coverage is wide but skewed to agricultural and financial co-operatives. For a developing country like Rwanda, this structure of the co-operative enterprise is not accidental. It is a historical necessity that as long as co-operatives are organizational mechanisms for small scale producers, they will always be in agriculture although in some of the member countries in the East African region, agricultural co-operatives are declining. The reasons for this distinction, originate from policy and perceptions of the state on the co-operative enterprise.

Table 2: Distribution of co-operatives by type in Rwanda

Type of Co-operative	Percentage
Agricultural co-operatives	68.7
Financial co-operatives	12.8
Handicrafts	5
Commercial	4.4
Services	4.2
Fishing	0.6
Construction	0.4
Savings and credit	0.4

Source: E. Mukarugwiza, *The Hope for Rural Transformation: A Rejuvenating Co-operative Movement in Rwanda* (Dar es Salaam: ILO COOP AFRICA, 2010).

Current Structure and Status of the Co-operative Movement and the Integrated Model in Rwanda

Current statistics indicate that the population of co-operative members in Rwanda is 2.5 million members, or about 1.8 percent of the population of the country. In agriculture, co-operative activity in Rwanda covers all major food crops such as maize, rice, bananas, cassava, potatoes and wheat. Others include tea, coffee, and honey. Other co-operative activities outside agriculture include the savings and credit, fisheries, minerals, and public transit with motor bike and buses.

Co-operatives fall under the Ministry of Commerce and Industry when it comes to policy and legislation delivery. However, at the operational levels, the Ministry of Industry and Commerce collaborates with the ministries of Agriculture and Local Government. This ministerial co-ordination is important because it touches on the geographical location of co-operatives, support systems, and the disposition of monitoring mechanisms for business performance and governance. In as far as agricultural co-operatives are concerned, one of the major constraints of Rwanda is scarcity of agricultural land. That is why one of the main pillars of co-operative policy is the promotion of land use intensification. The structure of the co-operative movement though activity driven, is built on a four-tier structure with primaries, district unions, national federations and the confederation. Co-operative business is transmitted through primary societies, unions and federations. By regulations, the confederation deals with lobbying, advocacy and training. It does not carry out business. It has

been reported that in future, the confederation, will deal with entrepreneurship capacity building and will assume the ownership of the Institute of Co-operative Education, Entrepreneurship and Microfinance.

How Co-operative Policy and Legislation Promotes the Integrated Co-operative Model

i) Policy Intervention and the Integrated Co-operative Model in Rwanda

The Rwanda Co-operative Promotion Policy has no reference or mention of the Integrated Co-operative Model. It is also important to recognize that this is the first co-operative policy that came into action in the year 2007 after the troubled years caused by the 1994 genocide. The policy therefore, could be termed as the co-operative reconstruction policy. But the phase of such reconstruction, can give room for the government to put into effect some basic innovations for co-operative development in Rwanda. There are, therefore, some key areas of policy where the Integrated Co-operative Model has potential space for implementation.

ii) The Strategic Administrative Model in Rwanda

The main agenda for co-operative development in Rwanda are two items; First is the transformation of individual subsistent farmers to become surplus producers, and second, the transformation of traditional co-operatives to become entrepreneurial co-operatives. Both these transformations have to take place simultaneously and require heavy investment by the government in terms of education, training, entrepreneurship and continuous capacity building and governance of members of co-operative societies.

Looking at governance, in order to accomplish this particular agenda, co-operatives need a strong state which can generate the commitment to the pillars of good governance. Characteristics of a strong state in Rwanda can be evidenced by the following statement from President Kagame of the Republic of Rwanda.

We have moved away from bad politics defined by divisionism and empty promises. Our politics are about actions and centred on giving everyone dignity seeing value in each other and working together to achieve our common goal. Services are your rights not a favour from leaders. You should not accept corruption in exchange of services you are owed. We all have our part to play in denouncing and fighting corruption. Good governance must be at every level and part of who we are.

President Kagame addressing residents of Nyagatare District in Gatunda Sector, 13 November 2014

Looking at the comprehensiveness of the co-operative promotion policy, the Rwanda government could be characterized as following the administrative model in a strategic way. The features of the model include inclusiveness of trying to sensitize the general population to join co-operatives. Second, the relationship between the government and the co-operative movement is that of partnership where in the first years, the government plays the role of promotion of the co-operative enterprise. The second part of the development cycle is education and training. The third phase of the development cycle is capacity building of the co-operative movement in order to make it independent and play its role in the development of the economy. Experience of the RCA indicates that the capacity-building phase is the most complex, mainly because members have to attain ICT skills and their economic activities must indicate the attainment of ownership of their co-operative organizations.

The Integrated Co-operative Model has ample space in this form of relationship because it is based on the creation of autonomy, independence, and entrepreneurship at the local level. The fact that the government is inclusive and flexible in allowing innovations means that ideas on co-operative integration can be discussed and tested with few geographically located primary societies. The model can be tested with, for example, a SACCO located at the sector level and surrounding rice co-operatives in the area. Such integration may not affect the existing vertically integrated system because the rice co-operatives will enhance their value chain and link with processors, but they would have cleared some of their financial requirements at the basic integrative model.

There are two reasons enforcing this type of integration; First, in our interviews with co-operative leaders, we were informed that the concept of entrepreneurship has encouraged some of the members of one type of crop marketing co-operatives buying shares from other types of crop marketing co-operatives. This share participation of members is the starting point of co-operative integration. Secondly, there are commodity platforms for negotiation with processors and related commodity co-operatives for commodity contracts and prices. The platforms are an area for integration with financial co-operative mechanisms so that apart from co-operatives negotiation with processors and government representatives, the platform could become another centre for co-operative integration between the particular commodity and financial co-operatives be it SACCOS or co-operative banks. This however, has to be discussed at the institutional level than at the members' local levels.

The Rwandan co-operative policy also is characterized by the educational model. There is basic commitment to provide education for the members, staff and boards of co-operative

organizations. The establishment of the Rwanda Institute of Co-operative Education, Entrepreneurship and Microfinance, is a commitment by the government to see the accomplishment of co-op education, training, entrepreneurship and microfinance development.

iii) Transformation of the Peasant Economy to Surplus Producers

The Rwanda Co-operative Policy is geared to put into effect the transformation of the rural economy from peasants to surplus producers. In section 3.3.2 (v), the policy is committed to promote among members and co-operatives, entrepreneurial and innovative spirit. That is why there is emphasis on section 3.3.2 (viii) on the strengthening co-operative education and training and human resource development for the professionalization of management of co-operatives. This commitment of the government is demanded and is an opportunity for the Integrated Co-operative Model. The model is based on the innovative character of the members. On top of this, the policy requires that members are encouraged to take effective ownership of their co-operatives. The Integrated Co-operative Model creates the membership commitment and entrepreneurial ability searching for business opportunities. The Integrated Co-operative Model is considered here as a process of transforming peasant farmers into entrepreneurs through surplus production. A common practice in integrated co-operative business is the instrument of joint business planning. Business planning will take peasant farmers from subsistence to surplus production and they will discover the need for markets.

*iv) Co-operative Autonomy and Independence —
The Engine of Co-operative Integration*

The Integrated Co-operative Model is a demonstration of the power of the members of primary societies to make economic decisions on integrating their co-operative enterprises for increased economic benefits and reduce income poverty. Current co-operative policy in Rwanda, has demonstrated two strategic interventions that allow for an appropriate discussion of the possible introduction of the Integrated Co-operative Model. First, is the disengagement of the government from the co-operative movement by the re assigning of some government responsibilities to be carried out by the co-operative movement and other players. While the RCA will remain with regulation, selected external auditors will carry out co-operative audit services. The co-operative movement will carry out promotional work of developing new co-operatives. In section 4.9 of the policy the government is committed to allow co-operative restructuring their institutional framework and operations to meet their

needs and those of policy. In such a framework, the integrated model can be one of the restructuring issues for building a vibrant co-operative movement in Rwanda.

The second form of building autonomy is the gradual disengagement of state assistance to the co-operative movement. At the beginning, the government offered subsidies for fertilizers and seeds to farmers and agricultural co-ops, but step by step, the subsidies are being reduced and will later be removed. Interviews with senior government officials confirmed that the subsidies were offered to make small farmers learn about modern agricultural techniques. After they have completed the learning, they can go into competition on their own.

The third form of building autonomy is decentralization in the current local government reform program going back to the district and sector levels with the deployment of co-op officers. Through the decentralization of the government reforms, the policy is targeting institutional capacity building for service delivery at the local level. There will be special co-operative training officers to improve quality of co-operatives at the local level. At the same time, the decentralization of local government will include the unit for good governance to be made available to local organizations including co-operatives. In such a framework of decentralization, the Integrated Co-op Model has a viable structure for sustainable operation.

v) Institutional Mechanisms in Support of the Integrated Co-operative Model in Rwanda

Rwanda Co-operative policy offers interactive possibilities with private enterprise players in the country. First, the policy stipulates how co-operatives are allowed to own 40 percent of shares with private processors. Such share participation, provide an opportunity for farmers to learn many modern business practices such as contracting, marketing and agro-processing. But more important, is the complementary relationships developed between co-operative organizations with Investor owned firms than competition. Some of the advantages of this kind of interaction include input support to farmers on the designated crop price setting and agreements and market linkages. Such arrangements are critical for the Integrated Co-operative Model. When farmers go for the Integrated Co-operative Model, there will be need for expanded markets, agro-processing environment and input requirements in large quantities. The interaction with investor owned firms, creates a better competitive environment than if co-operative processors had their own processing mills. The situation however, does not exclude co-operatives developing their own processing facilities.

The second interactive opportunity for the Integrated Co-operative Model is the existence of the Rwanda Private Sector Federation. Co-operatives are taken as part of the private

sector in Rwanda. As such, co-operatives have created close working relations with the foundation. Through such interaction, co-operatives are learning three major interventions of the foundation; capacity building on a continuous basis, post harvesting technology acquisition and management and techniques as well as entrepreneurship. This process of interaction has two outcomes for the Integrated Co-operative Model. First, members' farm enterprises benefit directly from post harvest methods and techniques. Second, they access entrepreneurial skills that are needed for the Integrated Co-operative Model as the initial point for building the entrepreneurial co-operative societies.

The Structure of the Co-operative Movement and the ICM

The Rwanda co-operative movement is vertically integrated, based on specialized activities such as commodity marketing co-operatives where each commodity, such as maize, cassava, rice and wheat, have their own vertical structures starting from the primaries, unions, apexes, federations and finally the confederation. The same structure is built for all other types of nonagricultural co-operatives such as transport, minerals and other natural resources extraction such as honey co-operative.

The vertical integrated model atomizes the primaries and makes the Rwanda structure appear distributive. According to co-operative policy, such a vertical structure of the movement has important advantages for the members: First they consolidate their voices as co-operators at the national levels. They have three voice positions at the national levels: the apex, the federation, and the confederation. Second is the ease of analyzing the opportunities of the value chain, and third is enhancing the viability of commodity quantities for value adding agro processing investments.

While discussing the possibilities of introducing the Integrated Co-operative Model in the context of the vertically built co-operative system, co-operative leaders had the following concerns: First, the vertically integrated model is still under test and members have yet to see the co-operative effect of the model. Second, although the integrated model promises advantages to the members, they feel the model needs intensive human resource capacity building, which does not exist at the moment. Third, it also needs member training in managerial and entrepreneurial training for the model to succeed.

But they also pointed out the potential for the integrated model including the consolidation of collective action on co-operative activities by the members harnessing the advantages

of joint business planning with the utilization of scarce human resource capacity such as qualified accountants and managers, the advantage of complementary services such as financial services supporting the marketing of agricultural crops and utilizing the advantages of social and geographical proximity. With all such potential advantages of the Integrated Co-operative Model, the leaders and government officials feel that if it is implemented at the moment, it will be an overload as it demands higher management capacity though it is possible at the union levels.

The members' leaders and government officials feel the integrated model has a future in Rwanda, but they would like to test and learn from the current vertically integrated model first. There are however, two strategic steps to be taken on the structural aspects of the Integrated Co-operative Model: First the Rwanda Co-operative policy provides an opportunity for members to review the current structure and make new recommendations for a new structure. Such reviews could also carry discussion on the implementation of the Integrated Co-operative Model. Secondly, and during interviews with Rwanda Co-operative Agency officials and the co-operative leaders, it was observed that they will jointly carry out their own design assessment as to how the integrated model can be put into practice, in the context of Rwanda.

Co-operative institutions currently being discussed as part of the structure of the co-operative movement are the co-operative bank and insurance. While Rwanda has more than four hundred SACCOS, they are not yet linked with higher level financial powerhouses, the co-op bank and co-op insurance. Interviews with government leaders confirmed the commitment of the Rwanda government to support the formation of the Rwanda Co-operative Bank by providing initial capital. The bank will be expected to generate special products designed for co-operative business operations. The Co-operative Bank will also be followed by the Co-operative Insurance organization to serve the members. Such financial facilities will dispose great supportive services to the Integrated Co-operative Model if established in Rwanda.

Implementation of ILO Recommendation 193

The critical elements of the ILO Recommendation 193 include the need for co-operative autonomy and independence. It is a declared policy of the Rwanda government to hand over some of government responsibilities to the co-operative movement. The Rwanda Co-operative Agency is already handing over its promotional responsibilities to the co-operative

movement. An interview with the Rwanda Private Foundation informed us that governance is now being taken over by the co-operative movement. The newly formed Rwanda Institute of Co-operative Education and Microfinance is given the responsibilities of education and training, and the promotion of education and training in co-operative principles and practices for the members and the broader society. The Rwanda Private Sector Foundation will sustain the technical and vocational training skills and entrepreneurial managerial capacity for members, boards, and staff. The foundation will also be a link to the government in providing assistance to the members through training in post harvest technology management in order to improve agricultural productivity and competitiveness of the goods produced by agricultural marketing co-operatives. This institutional environment for co-operatives fits very well with the demands of the Integrated Co-operative Model. While the Rwanda government fulfills the ILO Recommendation 193, it is also at the same time addressing the needs of the Integrated Co-operative Model in Rwanda.

The Conditions of Members Allowing for the Success of the Integrated Model

Co-operative leaders and government officials in Rwanda accept that the general membership of the co-operative movement in Rwanda need great effort for sensitization about co-operative values and principles. They also need intensive education and training and entrepreneurship capacity building. All those programs are in the process of implementation. However, the National Confederation of Co-operatives of Rwanda has continuous dialogue with the government on policy formulation and law. They fully participate in the formulation processes of the instruments. For example, when the current co-operative law was being formulated, the co-operative movement represented by the confederation, managed to influence to change 26 articles of the draft bill in favour of the co-operative movement.

Challenges of Introducing the Integrated Co-operative Model in Rwanda

The policy and legislation as well as the coverage of governance institutional framework allows the introduction of the Integrated Co-operative Model in Rwanda. However, the following challenges appear to militate against it: First is that members need more time to implement and operate the vertically integrated structure. Introducing it at the moment appears to be an overload on the cognitive capacity of the members. Second, the integrated model is based on experience on entrepreneurship. The Ministry of Commerce and Industry feels the members' skills have not yet reached the scale where they can handle the model on

their own. Third, the integrated model is geographically localized. The structure of the Rwanda co-operative movement identifies the cell with the agricultural marketing co-operative, while the SACCOS are designated at the sector level and the union carrying out the marketing is at the district level. With such a disjointed organizational location structure, it may be difficult to see the model operating at the moment. However, opportunities for integration exist with SACCOS linking with several agricultural marketing co-operatives located at the cell level. It is important to note that in the current process of disengaging government from the co-operative movement, the SACCOS no longer receive any financial assistance from the government.

2.2 UGANDA

Brief Background to the Evolution of the Co-operative Movement in Uganda

Co-operatives in Uganda started in 1913 as organizations to fight against price exploitation in commodity markets by European and Asian traders, who aimed to monopolize domestic and export marketing of cotton and coffee. Through a reformed Co-operative Ordinance of 1952, co-operatives grew to 273.

After independence in 1962, the co-operative movement has gone through three major phases of its evolution to the current structure: First, it experienced positive expansion, assisted by the establishment of the co-operative colleges at Bukalasa in 1963 and shifted to Kigumba in Masindi District in 1964, respectively. Due to progressive success, co-operatives controlled 61 percent of cotton, 40 percent of Robusta coffee, and 90 percent of Arabica coffee. Such success stimulated support from the government, including subsidized services.

Second was the phase of continued decline. From 1966 to 1991, the co-operative movement experienced gross internal mismanagement and out of recommendations from an enquiry, government enacted a new 1970 Co-operative Act where it saw the need for more control of the movement. Between 1971 and 1985, Uganda's co-operative movement was destroyed by the military rule in Uganda. A new government by Obote took the co-operative movement as an instrument of rural development and started giving more assistance to the co-operative movement. But through the years to 1985 the new government was under pressure of another guerilla war by the National Resistance Movement (NRM), which came into power in 1986. The new NRM government of Museveni came with structural adjustment programs, resulting in liberalization and privatization. The new policy abolished

government marketing boards which insulated the co-operative movement. The co-operative unions were exposed to market competition. With weak capitalization, low management capacity, lack of committed leadership and low level of entrepreneurship, the co-operative movement went into further decline until the 1990s.

The third phase is the period guided by the enactment of the 1991 Co-operative Act, which gave a high degree of autonomy and removed most support, such as audit services, education and training funds, and credit for business. With such autonomy and market competition, the Uganda Co-operative Alliance went into a transformation process, addressing most of the market weaknesses including dependency on the state, poor leadership, low member participation and lack of financial resources in their own hands.

Current Structure and Status of the Co-operative Movement in Uganda

The Uganda Co-operative Alliance (UCA) is currently leading the transformation process of the co-operative movement in Uganda. The structure of the co-operative movement is a three-tier flexible system. For the agricultural co-operatives, there are primary institutions composed of rural producer co-operatives and SACCOS as primary societies. Those are linked with Area Co-operative Enterprises (ACEs) at the district level. The ACEs are affiliated with the UCA. The other structures such as housing, industrial, and transport have primaries, unions, and the unions have their national apex bodies, which are affiliated to the UCA.

It is therefore important to take note that the current transformation process and structuring are guided by the UCA and the government makes its own responses based on what is happening in and initiated by the co-operative movement itself rather than the government.

In addressing the challenges of liberalization, the Uganda Co-operative Alliance had to start with its own transformation before addressing the transformation of the rest of the agricultural co-operative system. The UCA is originally a confederation of all co-operatives in Uganda. The position of a confederation gave it a hierarchical position, where it was driven by democratic delegates representing the grassroots co-operatives through unions and federations. During its transformation in the early 1990s, the UCA took a new position of a training catalyst umbrella organization working as a hub of flexible co-operative networks. But as a national organization for co-operatives, the UCA has three main objectives: resource mobilization, lobbying and advocacy, and training and capacity building.

The UCA networks a co-operative movement composed of 10,746 co-operative societies

with a membership of 3.9 million (Uganda Co-operative Policy 2011). There are 10,621 primary societies and 121 secondary societies, including 80 area co-operative enterprises. There are 4 tertiary societies and the UCA as the national organization. The broad categories of co-operatives include agricultural marketing (55 percent), savings and credit (23 percent), multipurpose co-operatives (6 percent) and service, such as consumer, housing, transport, health, and rural electrification co-operatives. In this study however, we are concerned with the transformation of agricultural co-operatives through the Integrated Co-operative Model, linked with the transformation process of the Uganda Co-operative Alliance.

The new approach to co-operative development has focused efforts at the grassroots level to address the weaknesses identified. The UCA has focused on organizing and strengthening grassroots farmer organizations to maximize membership and build member commitment. Grassroots community-based organizations, parish farmers' associations, and other smaller farmer groups were all organized under Rural Producer Organizations (RPOs). These are primary co-operative organizations located at the village or parish level. RPOs were strengthened to act as co-operatives where produce supplied by members is bulked and marketed collectively.

At the sub-county level, the Area Co-operative Enterprises (ACEs) were created to act as smaller co-operative unions for the RPOs. A number of RPOs (5–20) in a sub-county merge to form an ACE. ACEs market produce for their members and bargains for better prices, collect and disseminate market information, add value to members' produce through processing or simply by sorting and grading. They also link producers and input dealers, support agricultural extension services (for example by inviting extension agents or input dealers to come and talk to the members, set up demonstrations, organize farmer exchange of ideas etc.), production planning and many others. Hence, Area Co-operative Enterprises have become a tool for business development for members, while at the same time ensuring that the commission earned is enough to cover costs.

In the new approach to co-operative activities there is a linkage between RPOs, ACEs, and SACCOS, which has been termed a “triangular model” or “Integrated Co-operative Model.” The RPOs, which are the producers, supply produce to the ACE, which looks for markets for the produce. The SACCOS provide financial assistance to the farmers, who are registered members of the SACCO, and to the ACE. Members can access loans from the SACCO using the produce that they supply to the ACE as security. Payments after sales of produce are made to the individual SACCO accounts of farmers. An ACE may market produce to

individual traders or export traders. The RPOs and ACEs may register as members of the union and trade directly with it. The previous structure of co-operatives had been vertical and hierarchical, with farmers at the lowest level sending their produce to the primary societies and the primary societies then sending it to the unions. The unions sent the produce to the marketing boards, which had the responsibility to find export markets for it.

These reformed co-operatives are meant to be managed as profitable business units competing with other private traders in agricultural output markets. In the reformed system, co-operative marketing has been greatly expanded and enriched to include non-traditional crops and other products such as honey and fish, to ensure an all-year business pattern, reduce the risks of crop failure and low prices during the peak production season.

The Conditions That Led to the Introduction of the Integrated Model in Uganda

There are four conditions which made the Uganda Co-operative Alliance discover the Integrated Co-operative Model. First is its existence as a registered confederation of co-operatives since 1961. As a co-operative at the national level, the UCA has suffered all the negative aspects of a declining co-operative movement. The decline was either caused by government, but also in the years of the military rule when co-operatives were destroyed. The second condition is a continued exercise of the open conflictive model of government relations with the co-operative movement. As pointed out earlier, after independence, the government embraced the co-operative movement as an instrument of rural development, receiving open assistance such as subsidies and cheap credit. The third condition was the attitude and position of the NRM government on the co-operative movement. While the 1991 Co-operative Act gave substantial degree of autonomy, liberalization and privatization policies imposed strict competitive conditions which could not be absorbed by the co-operative movement previously embraced by government. Co-operatives had to learn through the hard way. At this point, the government assumed a temporary offloading stance. "If the co-operatives cannot compete, let them go." Responding to the decline and stiff competition, the Uganda Co-operative Alliance provided the fourth condition for the Integrated Co-operative Model in Uganda. The Uganda Co-operative Alliance initiated the transformation process by first rejecting its hierarchical position to become an umbrella organization serving the co-operative movement through service delivery on education and training, capacity building and lobbying and advocacy. Second, the transformation process rolled back the co-operative enterprise at the local level in terms of members taking up responsibility for doing and controlling business outcomes.

The emerging outcome of co-operative business in agricultural co-operatives is the situation whereby the government has come up with a new co-operative policy of a complementary nature that recognizes the existence of the Integrated Co-operative Model in Uganda. While the legislation remains that of 1991, the new policy underscores the critical importance of the integrated model as we show in references to different sections of the policy.

How Co-operative Policy and Legislation Promote the Integrated Co-operative Model

(i) Policy Intervention and the Integrated Co-operative Model

The National Co-operative Policy (2011) provides for promotion of good governance, compliance to laws, regulations and standards through dissemination of a co-operative code of best practice; registration of new co-operatives, monitoring and evaluating activities of co-operative societies and deregistration of non-compliant co-operatives. This policy is meant to set guidelines to facilitate the conduct and transformation of the co-operative movement into a more effective vehicle for poverty eradication and wealth creation.

The general objective of the National Co-operative Policy is to develop and strengthen the Co-operative Movement in order to play a leading role in poverty eradication, employment creation, and socio-economic transformation of the country. Some of its specific objectives include:

- Strengthening the co-operative movement to efficiently and effectively respond to member needs
- Promoting and enhancing good governance in the co-operative movement
- Developing the capacity of co-operatives to compete in domestic, regional, and international markets
- Providing a framework for improving capitalization and diversification of financing tools appropriate for the co-operative movement
- Facilitating improved supply chain efficiencies and marketing infrastructure
- Diversifying the type and range of enterprises that co-operatives undertake

In order to successfully implement the National Co-operative Policy, officials will adopt a Public-Private Partnership Approach. The Ministry of Trade, Industry and Co-operatives will provide policy guidance, set standards, and lead the implementation of the policy in collaboration with the Office of the Prime Minister and other relevant government ministries.

Some of the policy statements that favour the Integrated Co-operative Model include the following:

S/N	Policy Section	Actual Statement
1.	3(g): Integrated Co-operative business	The National Co-operative Policy seeks to strengthen the linkage between finance, production and marketing as outlined in the Essential Triangle of Co-operative Production
2.	4.1(ii)	The Government shall mobilize people to form co-operative societies that suit their common interests
3.	4.5	Government Shall: 1. Facilitate feasibility studies to establish other viable co-operative enterprises. 2. Generate and disseminate information on viable co-operatives through magazines, publications, seminars and workshops. 3. Mobilize and sensitize communities about the different types of co-operatives. 4. Promote knowledge and skill transfer through study visits to facilitate learning from co-operatives' best successes. 5. Promote new co-operatives enterprises based on existing Industrial and Agricultural Zones among other considerations. 6. Promote, undertake and facilitate research and development in the Co-operative Movement.
4.	5	The Ministry is bound to work closely with the Ministries of Finance, Planning and Economic Development, Local Government, Information and Communication Technology, the Department of Ethics and Integrity and the National Planning Authority to ensure the integration of co-operatives.
5.	5.1.4(v)	One of the roles of tertiary Co-operative Societies is to provide linkages to national, regional and international markets and networks.
6.	6	In order to build a strong, vibrant and prosperous co-operative movement, the policy shall promote a saving culture, high productivity, value addition, and collective marketing that contribute to increased household incomes, economic transformation, and development of the country. This shall be realized through, among other things, diversification of co-operative enterprises.

In addition, the Co-operative Societies Statute of 1991 allows for voluntary amalgamation of societies (Article 25), transfer of assets and liabilities from one society to another (Article 26), and voluntary division of a society (Article 27). Both the Co-operative Societies Statutes of 1991 and the National Co-operative Policy of 2011 provide guidance on governance systems in Uganda.

(ii) Institutional Mechanisms Allowing Support for the Integrated Co-operative Model

The Uganda Co-operative Alliance is at the centre of networking other interested players in co-operative development, especially when testing innovative ideas which some promote the Integrated Co-operative Model. For example, currently, the UCA is jointly

implementing the Integrated Finance and Agricultural Production Initiative (IFAPI), with the Canadian Co-operative Association. The project is aimed at improving incomes and food security where agricultural producers are able to access agricultural and financial services through their primary societies and SACCOS. The UCA also links the co-operative movement with the Swedish Co-operative Centre. However, both from the policy and legislation, there is no identified private sector players working jointly with co-operatives. From the analysis, it is clear that the co-operative movement is in a stand-alone mode, where organizational interaction with the public and private sector institutions is necessary. It should also be recognized that while the UCA is the umbrella organization of co-ops in Uganda, some of them are not affiliated to it. One of the examples of nonaffiliated co-operatives in Uganda is the Uganda Co-operative Union of Savings and Credit Union, which was formed separately by the Uganda government.

(iii) The Condition of Members Allowing for the Success of the Integrated Co-operative Model in Uganda

The co-operative policy 2011 for Uganda recognizes the low education of the membership of co-operative societies. Such status of membership exposes them to exploitation, low patronage of the co-operatives, and poor implementation of governance principles in co-operative organizations. The national literacy rate in 2005–06 was 60 percent and yet, Uganda produces twenty thousand university graduates who could find jobs in the co-op industry. However, they may not find jobs in the co-operative sector because the co-ops have low salary packages, resulting from low capitalization of the co-op movement.

(iv) Challenges of Implementing the Integrated Co-operative Model in Uganda

The Integrated Co-operative Model is well established with the gradual expansion of Area Co-operative enterprises in Uganda. But internally, the Integrated Co-operative Model faces the following challenges; First, there is lack of financial support to training, education, information and entrepreneurship for co-operative members in the country. Second, in linking the co-operatives and the integrated model, the Uganda Co-operative Alliance is more accepted by foreign partners than the Ugandan private and public enterprise systems, although, of late, the Uganda National Farmers Federation has provided support to primary societies. Third, while the ACE is playing the marketing role, limiting the RPOs to production and bulking may not expose the members to practical business experience in marketing, processing, business contracting and negotiations. Fourth, there is no institutional framework, implementing the Private Public Participation in practice. Such an institutional framework

would provide the main business link between expanded co-operative integration, share participation and widening business connections locally, regionally and globally. Other important challenges of the integrated model in Uganda include the fact that the affirmative action for the youth and women is based on the leadership box and not at general membership. Also, the promotion of entrepreneurship by the Uganda Co-operative Alliance, concentrates on marketing than a comprehensive approach to production and marketing.

The inter-linkage between the ministry responsible for local governments and the Ministry of Trade, Industry and Co-operatives (MTIC) is sometimes unclear/vague in some aspects. At the district level, officers in the co-operative department report directly to the ministry responsible for local governments, *not* MTIC. The ministry thus experiences structural bottlenecks. It does only backstopping.

(v) Summary and Conclusion

Both the Co-operative Societies Act (1991) and the National Co-operative Policy (2011) provide guidance on governance systems of co-operative enterprises in Uganda. These instruments necessarily have a link with rural development. There is a very strong link between rural development and co-operative development. Under Rural Development Strategy, co-operatives are looked at as a vehicle for rural development.

As pointed by several respondents during this study, through co-operatives you have a bigger purchasing power to get better prices — hence, development. There is also a tendency of people to like to work together through small, self-help groups. When this tendency is translated into action in many spheres of life, it is likely to ultimately lead to development.

The cited legislation and policy above provide a favourable environment for the Integrated Co-operative Model to thrive in Uganda. Many respondents in this study appeared optimistic on this, citing cases of better linkages in inputs supply, marketing, improved food security, housing, skills development, and technology as some of the benefits of the model.

1. United Republic of Tanzania, *Report of the Presidential Special Committee of Enquiry into Co-operative Movement and Marketing Boards* (Dar Es Salaam, Tanzania, 1966); Jamhuriya Munganowa Tanzania, *Taarifaya Kamatiya Waziri Mkuuuna Makamuwa Raisya Kuchunguza Vyama Vikuuuya Ushirika Tanzania Bara*, 1975; Jamhuriya Muunganowa Tanzania, *Taarifaya Tumeya Waziri Mkuuya Kuchunguzana Kupendekeza Uratibuwa Kurejeshwakwa Vyama Vikuuuyaushirika*, 1981; Jamhuri of Muunganowa Tanzania, *Taarifaya Kamati Maalumya Raisya Kumshauri Juuya Kufufua Ushirika Tanzania, Dar-es-Salaam, Tanzania*, 2000.

2.3 TANZANIA

The Evolution of Co-operatives in Tanzania

The history of the co-operative movement in Tanzania can be divided into three distinct periods.¹ First, from 1925–1975, there was a period covering both colonial and independent administration (Abell 1990) whereby the co-operative movement was autonomous with minimum government intervention (Abell 1990). During this period, we had the establishment of the first farmers' association, known as the Kilimanjaro Native Planters' Association (KNPA) in 1925 which was registered as the Kilimanjaro Native Co-operative Union (KNCU) in 1933. The government closely controlled co-operatives through the enactment of the Co-operative Societies Ordinance; 1932. This act had provisions for vertical growth of co-operative societies that is formation of unions and apex organization. The unions had the responsibility of collecting cash crops from the primary co-operative societies and marketing. Co-ops were therefore considered as legal channels which the colonial state used to procure cash crops and market them to their mother countries (Urio 1993). To reflect that there was government control, the British Registrar of the Friendly Societies and the Industrial and Provident Societies Acts was only involved in registering societies and not controlling them (Msanga 1981, 1991). The co-operative movement grew and in 1961 the co-operative Union of Tanganyika was established, a national apex, and thereafter a co-operative bank was established in 1962, followed by the co-operative college and education centre in 1963. The Co-operative Societies Ordinance 1963 repealed the 1932 Co-operative Ordinance. This act waived the economic viability test that was in the previous act. It prompted the establishment of co-op in areas where agricultural productivity was low and introduced various types of co-operatives. As a result, there was a rapid growth of the co-operative movement.

The co-operative movement gained momentum with the establishment of the Arusha Declaration in 1967. In 1968, a new Co-operative Act was enacted that repealed the 1963 Co-operative Act, so as to accommodate the new developments of the Arusha Declaration. This act promoted the amalgamation of co-operatives and the integration of co-operative activities in the form of multipurpose co-operative societies (Lyimo 2012). However, it increased the powers of the registrar of co-operatives to control co-operatives, and co-operatives were required to be instruments of enhancing the ideology of the ruling party.

The second phase was from 1975 to 1982. During this phase, the Villages and Ujamaa Villages (Registration and Administration) was passed in 1975. The purpose of this act was reallocating the rural people to Ujamaa villages. This act deemed villages as multipurpose

co-operative societies and no co-operative society registered under the Co-operative Societies Act, 1968, was allowed to carry on any of its business in a registered village. Furthermore, the Co-operative Union of Tanganyika (CUT) was dissolved and displaced by Washirika. The Unified Co-operative Service Commission and the Co-operative Development department also disappeared. The reallocation of famers lowered agricultural productivity.

The third phase is the period after 1982. This is the period whereby co-operatives become more autonomous. It was during this period whereby the Ujamaa Act was repealed, and the 1982 Co-operative Act was introduced. This act provided the basis of establishment of new co-operative societies. This act had a provision whereby every resident in the village who was above eighteen years old was considered to be automatically a member of the co-operative society. The shortfall of the 1982 act led to the enactment of the Co-operative Act 1991, whereby the co-operative societies became autonomous with minimum government control and emphasis was on voluntary membership. The realization of the important role played by the co-operatives led to the enactment of the Co-operative Societies Act 2013. With this act, primary co-operative societies have been given the power to operate independently; if a co-operative society is economically weak, then it can form a merger with a partner co-operative society.

During the third phase, we had the introduction of the first co-operative policy, 1997, that could allow for setting standards set by the International Co-operative Alliance and minimum deviations for the co-operative principles and practices. This policy was a result of the macro-economic changes in the country that paved the way for trade liberalization. In 2000, a commission of enquiry on Revival, Strengthening and Development of Co-operatives in Tanzania was formed. This commission identified constraints and suggested solutions that could improve co-operative development in the Country. One of the outcomes was the 2002 Co-operative Policy, whose vision is “improved and sustainable co-operatives that are capable of fulfilling members’ economic and social needs.” The implementation of this policy necessitated the enactment of the Co-operative Act 2003, followed by the introduction of the Co-operative Reform and Modernization program (CRMP) 2005–2015.

During the second and third phase the government formed several commissions of enquiry to deal with malpractices and deficiencies in the co-operative system. It appears that most of the suggestions from these commissions of enquiry focused on meeting the aspirations of members improving the organizational system and management of co-operatives that are yet to be implemented.

The Structure of the Current Co-operative System in Tanzania

The co-operative societies system in Tanzania is governed by a dual system whereby we have the co-operative movement and the government-led Tanzania Commission of Co-operatives Development (TCDC), which was previously the co-operative development department staffed with co-op officers. The governance system of the movement is guided by the Co-operative Act 2013 and the Co-operative Policy of 2002. The type of co-operative societies is established according to the ICA co-operative principles. However, these co-operative principles may be enacted in line with the principles which a particular country deems necessary and important (Chloupkova 1991).

Registration of any type of co-operative societies is facilitated by the regional co-operative officers. Final registration of co-operative societies is conducted by the Tanzania Commission of co-operative Development. Monitoring of the performance of primary co-operative societies, training and education of members is done by the district co-operative officers, who are employed by the Local Government Authorities.

The movement has a three-tier system, whereby we have the primary co-operative societies, unions, apex specific activity organizations, and the National Apex organization (Tanzania Federation of Co-operatives, TFC). For example, we have the Savings and Credit Union League of Tanganyika (SCCULT), which is the apex organization of the savings and credit co-operative societies (SACCOS). The current Co-operative Act has provided powers to the primary co-operative societies to operate as independent business entities. It has been indicated in Part IV section 19.2 that it “*is upon the wish of the members to see what the structure may comprise....*” As a result, most of the functions that were done by unions on behalf of primary co-operative societies such as marketing and procurement of inputs have been reduced. This has been a challenge to the Unions that have been forced to develop alternative strategies for survival. The law clearly spells out that primary co-operative societies can form joint enterprises. In addition, it has a provision for the formation of different types of co-operative societies. For example, the number of SACCOS is growing rapidly compared to other types of co-operative societies. In 2006, there were a total of 3,425, with 570,743 members; this increased to 5,559 in 2013, with 1,153,248 members (CDD 2014).

The need for a sustainable and secure financial liquidity system has also created a conducive environment for the formation of co-operative banks by primary co-operative societies. We have the Kilimanjaro Co-operative Bank and the Kagera Co-operative Bank.

The Integration of Co-operative Policy in Rural Development

The current co-operative policy is expected to foster rural development in conjunction with other policies that focus on rural development, such as the Rural Development Strategy and the National Agricultural Policy. Hence, it is anticipated that there is an integrated approach to rural development, which has been highlighted by the rural development strategy. This policy has indicated the role of co-operatives as producer organizations in rural development. However, most of the members of co-operative societies and the officials were either unaware, or had just heard of such documents, but had never seen them. This implies that such policies are documented to meet a certain requirement, and not for wide dissemination, implementation, and monitoring of the laid down strategies from the grass-roots level.

Probably this has an effect on the type of co-operatives that exist in the rural areas. Most of the staff and board members noted that in the rural areas, the agricultural marketing co-operative societies are still dominant and using the old system that was inherited from the colonialists. *The AMCOS are still dealing with marketing of cash crops. Their functions have never changed, and the board members feel that they are the owners of the co-operative societies.* However, there was a suggestion that probably the word marketing is an obstacle to the transformation of AMCOS that have been introduced from time to time. As a result, they do not accept new ideas that will apparently transform the rural farmer and subsequently increase agricultural productivity.

How Co-operative Policy and Legislation Promotes the Integrated Co-operative Model in Tanzania

In Tanzania, there have been macro-economic changes that have led to the transformation of the policy and legal framework overtime. These changes have had effect on the registration and organization of co-operatives. The existing co-operative legislation Co-operative Act 2013 and Policy 2002 are promoting innovations in co-operative societies, despite of the fact that the integrated co-operative approach has not been clearly spelt out. Emphasis is on vertical integration rather than horizontal integration.

The 1997 policy emphasized on the marketing co-operatives to use an integrated approach of linking production and processing, financing was not included. The preceding 2002 Co-operative Policy, whose implementation was fostered by the Co-operative Reform and Modernization Program (CRMP), had little emphasis on integration.

The 1991 Co-operative Act promoted the establishment of innovative primary co-operative societies, but there has been minimal or no transformation of the agricultural marketing co-operatives. The government has also promoted the establishment of financial co-operatives (SACCOS) at the ward level. This move has led to a rapid growth of SACCOS and a multiplier effect of co-operative membership in the areas, whereby we have members of both AMCOS and SACCOS, the so-called double membership model.

The Tanzania Co-operative Policy of 2002, though, calls for a review; it carries the message and opportunity for the Integrated Co-operative Model without making it categorical. On pages 23, 24, 32, and 34 of the policy, it is clearly pointed out that co-operative leaders will be expected to employ members of staff who have entrepreneurial talents. The thinking of entrepreneurship managers assumed that those staff would look at co-operative business innovatively and out of the box of the traditional co-operative enterprise. It is also emphasized in the policy that the government will encourage the formation of SACCOS within the areas of operation of primary societies. This statement is a direct reference to the fact that agricultural co-operatives would need to integrate with financial co-operatives as an important framework for sustainable co-operative development. Finally, the policy sees co-operative development within the landscape of the establishment of the co-operative bank at the national level. All these presuppose that agricultural co-operatives alone are not sufficient drivers of economic development of the members, until they are integrated with co-operative based financial services.

Farmers need transformation, are tired of being exploited by co-operative unions, being price takers, and lack of bargaining power. Some of the primary co-operative societies have joined hands and formed their own joint enterprise, out of the normal system of traditional secondary co-operatives known as unions. This joint enterprise is known as G.32.

The current Co-operative Act 2013 has provided opportunity for primary co-operative societies to become autonomous and independent business entities. It has provisions that allow for the formation of the Integrated Co-operative Model. These include:

- a) Part IV, Section 22, which indicates that *“co-operatives operating in one area may join together”*
- b) Part IV, Section 21.3, which indicates that *“societies may affiliate, e.g. financial co-operative societies may be formed by savings and credit societies and other types of co-operatives”*
- c) Part IV, Section 26, which states, *“Where it is necessary or desirable for the efficient*

operation of a business or economic enterprise that need to be operated by two or more societies, such societies may form a joint enterprise, subject to the approval and such limitations as the Registrar may generally impose...”

With these provisions, it implies that primary co-operatives have been given the autonomy and opportunity for implementing the Integrated Co-operative Model.

The Structure of the Co-operative Movement and the Integrated Co-operative Model in Tanzania

In Tanzania, the transformations at the macro-economic level that have been taking place since independence have affected the performance of co-operatives and had an adverse effect on the structure and organization of the co-operative movement. Despite these transformations, the centralized approach has been used in registration and control of co-operatives. The registrar of co-operatives has been given the powers of registering and dissolving co-operative societies.

The legislation, policy framework, and mindset of the majority are one single item and single-activity-based co-operative societies. The national level has the federation and crop or activity-based apex organizations. These include SCCULT and crop Apex. Discussions with officials revealed that these apex organizations are working separately, that is they are not using an integrated approach in seeking solutions for the co-operative movement. On the one hand, they claimed that the federation operated like an entirely separate entity that is not owned by member of the co-operative movement. However, this may be due to the policy and legal frameworks that have no provisions of integration and entrepreneurial innovations at the national level.

At the regional level, we have the secondary co-operative societies that have been formed by the primary co-operative societies through vertical integration. These include the crop-based Co-operative Unions that exist in most of the cash-crop-growing regions, and co-operative banks (Kilimanjaro Co-operative Bank and Kagera Co-operative Bank). There is also the warehouse system (Warehouse Licensing Board) that links with secondary primary co-operative societies in some of the areas. The role of these secondary co-operative societies is to facilitate marketing of crops; in exceptional cases, they can be involved with input supply. There is no horizontal integration at the regional level.

At district level, the movement is characterized with primary co-operative societies. Most of these primary co-operative societies are Savings and Credit Co-operative Societies

(SACCOS) and Agricultural Marketing Co-operative Societies (AMCOS). With respect to the Co-operative Act 2013, these are independent business entities that can make their own decisions. Membership in these societies is voluntary and individuals can be members of both AMCOS and SACCOS at the same time. Membership of AMCOS is mainly limited to owners of farms, while membership in SACCOS has no limits with regard to land ownership. As a result, most of the women have been able to be members of SACCOS compared to AMCOS. For example, at Mruwia SACCOS, the chairperson is a woman.

With respect to integration, the SACCOS and AMCOS are usually located in close proximity to each other, though they do not work together. The close location has been an advantage to double members, who receive their proceeds from AMCOS and deposit them in SACCOS. However, it has been a disadvantage to double members, as they have not been able to participate in all the activities of the respective co-operative societies.

The co-operative officers indicated that there is room for the Integrated Co-operative Model to be applied at grassroots level due to several reasons. First, the government has been applying several approaches that are similar to the Integrated Co-operative Model; these include the multipurpose co-operatives and the rural savings schemes. The multipurpose co-operatives had provisions for co-operatives to introduce projects for their members, while the rural savings schemes were a financial arm of the Agricultural Marketing Co-operative Societies. These approaches failed because they were top down (introduced without member participation) and the staff lacked adequate skills and had low entrepreneurial capacity. Second, the changing environment in the rural areas in relation to low agricultural productivity, youth unemployment also calls for an innovative integrated model. Finally, the macro-economic changes at both the global and national level, which favour competition and sustainable development, have created an environment that is conducive for the Integrated Co-operative Model.

Implementation of ILO Recommendation 193

The ILO Recommendation 193 as pinpointed has realized the need for independence, autonomy, and government support for co-operatives. The Co-operative Act 2013 has taken into consideration this recommendation. Apart from indicating that co-operatives societies shall be independent and autonomous, the co-operative department that used to shift from one ministry to another has now been transformed into the Tanzania Commission for Co-operative Development. With these changes, it is expected that co-operative development

in Tanzania will take into account member's needs and the government will establish a roadmap for offering co-operative education.

Challenges for Introduction of the Integrated Co-operative Model in Tanzania

It is clearly observed that the policy and the legislative infrastructure have great potential for the operation of the integrated model in Tanzania. The historical failure of apex bodies and co-operative unions has left the primary co-operatives to serve the members by taking over some of the functions formerly carried out by the co-operative unions such as crop marketing, crop financial services, bulking and transport logistics. The assumption of new business responsibilities calls for the integrated approach in order to provide services required by the members, but also making co-operatives relevant to their members. However, there are basic challenges faced by the co-operative movement in Tanzania. First, the federation is still hierarchical and has lost the network of primary societies. It is creating projects to make itself survive than serving the primary societies. There are no programs for education and capacity building for primary societies. As such, co-operative integration is not an agenda at the federation level. Second is low knowledge absorption capacity of existing members of the Agricultural Marketing Co-operative Societies. Most members of agricultural marketing co-operative are old people and their capacity to absorb new knowledge and use it for commercial purposes, is relatively low and are not aggressive risk takers. While we find the youth in SACCOS, they are absent in agricultural marketing co-operatives. The absence of youth in agricultural marketing co-operatives is an indication of loss of innovation and entrepreneurship in such organizations. Third is the historical negation of shareholding as capitalistic. Historically, at some stage of the development of Tanzania and especially during the socialist era members were told that shares were not necessary. The Integrated Co-operative Model is based on shareholding for capitalization. Fourth is the contradiction of negation of the supremacy of the power of the annual general meeting which has been removed in the current Co-operative Act. This means the general meeting of the members has no final decision on matters of their co-operative society. This puts an upper limit to making progressive decisions on entering the Integrated Co-operative Model. It however will depend on how the members can defend the model with the registrar of co-operatives.

Progressively, however, the data from the field indicate how the integrated model is emerging, though informally.

3 Comparative Analysis

LOOKING AT THE THREE COUNTRIES IN EAST AFRICA, we see that the integrated model is operating effectively in Uganda, and the Ugandan policy has explicitly recognized the model. Co-operative policies in Rwanda and Tanzania have not formerly recognized the Integrated Co-operative Model. However, in the two countries' co-operative policies and laws we have identified aspects of an enabling environment that can favour the introduction of the integrated model. Such areas include, for example, organizational mechanisms leading to the integrated model as an outcome, gradual process of autonomy and independence of the movement, and strategic capacity building for entrepreneurship development with the co-operative movement.

As a result of market competition and the fall out of co-operative unions, the integrated model is finding space in the business operations in Tanzania. This emerging scenario in Tanzania is reinforced by the principle policy guide in Tanzania, characterized by the complementary model of co-operative development. Rwanda is currently running the strategic administrative and the educational model strategies. That is why Rwanda has more effective institutional mechanisms to implement the co-operative strategy than the other member countries. Uganda and Tanzania, governments are currently riding on the complementary co-operative relational policies where they recognize the strategic importance of the co-operative movement, but as economic entities, they have to compete. If they succeed, it is good for both the government and the co-operative movement. If they fail, let them learn from their mistakes. But government can make on and off interventions when need arises.

When it comes to active federations, Uganda's Co-operative Association (UCA) is more active in co-operative education, capacity building and entrepreneurship. The co-operative confederation of Rwanda is an equal partner with the government to provide education and training. Rwanda has institutional mechanisms in the private sector guiding entrepreneurship, business management and post harvest technology. In Tanzania, the federation is disjointed from the primary societies and cannot participate fully in the development of the integrated model as it is today. The confederation of Rwanda and the Tanzania Federation of co-operatives are hierarchically representative bodies representing the co-operative

movement in their countries. In Uganda, the UCA is an umbrella organization and can afford to network with all types of co-operatives and linking them with local and international business. The Tanzania Federation of Co-operatives does not have a structure of linking co-operative trade domestically and internationally. In Rwanda, there is a defined strategy of developing autonomy of the co-operative movement. In Uganda, there is more autonomy for the co-operative movement. In Tanzania, autonomy is not guaranteed, but market liberalization is providing some openings for autonomy. Insofar as the status of member education and training, all the research countries are challenged by the low status although Rwanda government has a firm commitment on it than the other two countries.

When it comes to governance, Rwanda is more upfront and restructuring local government at the local level so that co-operative members can access governance services at the district level. In Uganda, the policy argues the need for governance in co-operatives, but there is no mechanism for its decentralization at the local level. In Tanzania, the existence of good governance structures is centralized and co-operative policy does not have mechanisms for its decentralization at the local membership levels.

4 Conclusion

STRUCTURES FOR THE INTEGRATED CO-OPERATIVE MODEL do exist in all the survey countries. But, critical success factor emerging from the policy discussion above, include the following: First there is need for a policy and strategy of transformation from traditional co-operative societies to entrepreneurial co-operatives. Second, countries need strategic administrative models with strategic exit plans where some government responsibilities are handed over to the co-operative movement as it grows into a competitive system of organizations. Three, youth participation in agricultural marketing co-op-eratives is critical for the generation of new ideas and innovative co-operative business practices. Four, financial services by way of SACCOS, co-operative banks, insurance co-operatives, and co-operative-based social security funds are needed as part of the strategy for the Integrated Co-operative Model in the East African countries. Five, the integration process may need to be located geographically at village or cell levels, where all members have easy access to co-operative services, and six, there is need to improve private sector relations with the co-operative movement in an all-round strategy for promoting interaction between investor owned firms and co-operative enterprises. This includes the shareholding participation by co-operatives in investor owned firms.

Appendix 1: Comparative Table of Co-operative Policy, Legislation, and Governance in Rwanda, Uganda, and Tanzania

Similarities

Item	Rwanda	Uganda	Tanzania	Remarks
Policy and legislation in favour of ICM	Yes, but not categorical	Yes, and more categorical on the integrated model	Yes, but not categorical	All three countries have policy and legislation documents recognizing the existence of the co-operative movement
Rural population	60% rural	70% rural	70% rural	
Innovation and freedom to re-structure co-operatives	Co-operatives are allowed to innovate and carry out restructuring on the basis of the law	Innovation and restructuring are allowed	Innovation and restructuring by forming joint enterprises and contracts with investor-owned firms are allowed	
Transformation of members towards group entrepreneurship	There are policy statements	Policy statements exist for this direction	Policy statements exist guiding members for group entrepreneurship	
Co-operative financial systems	Rwanda policy accepts the formation of the co-operative bank	Uganda policy accepts the formation of the co-operative bank	The policy in Tanzania accepts the formation of the co-operative bank	
Sustainable development	The policy has statements on sustainable co-operative development	Policy carries statements on sustainable development	There are statements on sustainable development	

Differences

Item	Rwanda	Uganda	Tanzania
Formal government-state relations	Administrative and educational; government offers support for capacity building, education, training, and entrepreneurship training	Complementary; the state recognizes the importance of co-operatives with marginal support	Complementary; the state recognizes the importance of co-operatives with marginal support
Autonomy and independence of the co-operative movement	Recognized, and actions are taken for government to disengage from the co-operative movement	Recognized but open-ended	Recognized but legislation has removed section 9, which gave full powers to the annual general meeting to control the affairs of the co-operative society
Support to group entrepreneurship development	The Rwanda Co-operative Agency in collaboration with the Rwanda Private Sector Foundation offers capacity building through education, training, the promotion of group entrepreneurship, and post-harvest technology awareness	The Co-operative College offers general co-operative education and training; the Uganda Co-operative Alliance runs intensive education and training	The Moshi Co-operative University implements co-operative education, training, and group entrepreneurship; the Tanzania Federation of Co-operatives has a marginal radio program
Organizational mechanisms for policy implementation	Rwanda has more comprehensive organizational mechanisms for policy implementation by the RCA, the Ministry of Trade and Industry, the Ministry of Agriculture, the Ministry of Local Government, the Rwanda Private Sector Foundation, and the Rwanda Institute of Co-operative Education and Microfinance	The Uganda Co-operative Alliance is leading and the Ministry of Commerce, Industry and Co-operatives mainly supervises implementation	The Tanzania Federation of Co-operatives carries out lobbying and advocacy; the university carries out research and consultancy to the co-operative movement

Differences

Item	Rwanda	Uganda	Tanzania
Structure of the co-operative movement	The Confederation is the apex and hierarchical as it is run through delegation of the lower-level co-operatives; Rwanda has a four-tier co-operative movement and specialized in terms of commodity and other forms of specialization; the structure of the movement is both distributive and collective — distributive because it is declared by policy and legislation and collective because policy allows innovation and restructuring by the members	The Uganda Co-operative Alliance is an umbrella organization linking all types of co-operatives; delegates represent co-ops rather than levels; the structure of the UCA is more collective, relying on the decisions of the members	The Tanzania Co-operative Federation is hierarchical, with delegates representing levels and co-operative societies
Governance	Rwanda's government is carrying out reforms whereby the local government at the district level will consist of a unit of governance for expanding access by local government institutions, including co-operatives	Governance structures are centralized and membership in the primary societies may not easily access their services	Governance structures are centralized and are not easily accessible to primary co-operative societies
Women's participation in leadership	Aggressive encouragement of women's leadership in co-operatives	Affirmative action of 30% women's and youth participation in leadership of co-operatives	General encouragement of women participating in co-operatives and leadership
Youth participation in co-operatives	Aggressive participation of the youth in co-operatives	The youth are encouraged to participate in co-operatives	No statement on youth participation in co-operatives

Appendix 2: Interview Guide Instrument for Rwanda

The policy and governance interview instruments will be directed to three groups of respondents:

1. Top government policymakers (ministers, permanent secretaries, and planning directors of ministries of Trade and Industry, Agriculture, Finance and Planning, Irrigation, Fisheries, Minerals and Natural Resources, and Tourism). These ministries are directly linked to the integrated model of rural development and also related to co-operative development. Sectorally, these are ministries where co-operatives can be formed and regulated.
2. Regional and district officers of the same ministries where policy and legislation are interpreted, implemented, and where there is interaction between policymakers and the community.
3. Co-operative movement leadership at the national level. When policy and legislation are formulated, the national co-operative leaders are involved in a participatory formulation process, interpretation, and implementation.

A) Key Issues for Top Policymakers in Rwanda — Rural Development Policy

1. Is there a policy focusing on rural development in Rwanda?
2. If there is one, what are the main features of the policy?
3. If there is no policy for rural development, do you have any substitute policy framework?
4. Which ministry co-ordinates the implementation of rural development in your country?
5. What is your opinion of integrated rural development in Rwanda?

B) Ministry Responsible for Co-operative Development in Rwanda

1. Do existing sectoral policies in Agriculture, Industry and Trade, Minerals, Fisheries, Finance, and Planning support co-operative development in Rwanda? If so, how?
2. What relationships exist between rural development and co-operative development policies?
3. To what extent does current co-operative development policy support:
 - a) local networking among primary societies?
 - b) lower- and upper-level co-operative organization?
 - c) Does local networking extend to joint agro-processing and value addition?
4. From the point of view of the government, what do you think is the current level of member satisfaction and perceived benefits of co-operatives in Rwanda?

5. Based on knowledge from Uganda, if the Integrated Co-operative Model were to be applied in Rwanda, what would this look like?
6. What features of Rwanda's history have affected the approach to co-operative development and what is the current policy context like?
7. What are the government's current perceptions of co-operatives, and what can government learn from its experience and history of co-ops that will shape policy and legislation in Rwanda?
8. How does the ministry support and promote good governance in co-operatives in Rwanda?

C) Issues for Other Ministries Supporting Co-operative Development (Finance and Planning, Fisheries, Minerals and Energy, Agriculture, Trade and Industry, Irrigation, Housing and Human Settlements)

1. To what extent does your ministry perceive the need for co-operatives in rural development in Rwanda?
2. Do you have co-operative institutions in your sector, and how does the ministry support such organizational initiatives?
3. How do your ministerial policies support co-operatives and rural development in Rwanda?

D) Issues for Regional and District Government Staff — Ministry Responsible for Co-operative Development in Rwanda

1. What processes and mechanisms are used by the ministry in promoting co-operative development and registration in your area?
2. When co-operatives have been formed, what mechanisms and processes do you use to initiate the implementation of co-operative policy and legislation?
3. What methods do you use to identify local capacities and the ability to undertake organizational development in local communities in your area?
4. How do you interpret and link local economic development efforts with the delivery systems of the central government in co-operative development?
5. How do you link the existence of resources in local co-operatives with higher-level policy response and recognition?
6. What instruments and tools are used by the government to audit the status of governance in local co-operatives, and what have been the outcomes in shaping governance in local co-operative development?
7. Do you see the emergence of horizontal integration with local co-operatives? If so, what are the areas and co-operative institutions where integration is possible?
8. If co-operative integration at the local level is possible, what are the main issues that should be addressed for the development of successful integrated co-operative development in Rwanda?

9. If co-operative integration is possible at the local primary-society levels, what do you think will be the main tools for effecting successful integration?
10. Co-operative integration is the implementation of principle number six of the co-operative identity. How can the same logic be carried out by co-operatives nationally, regionally, and internationally?

E) Issues for Interviews with National Co-operative Leaders in Rwanda

1. 70–80 percent of the population in Rwanda is rural and dependent on agriculture. What initiatives are taken by your federation to link farmers to existing or new co-operatives in the country?
2. Co-operatives usually operate under policies that shape the operational environment. Which sectoral policies do you think support co-operative development in all sectors, and why?
3. Which policies do you think constrain co-operative development in all sectors?
4. Which policies are neutral to co-operative development in Rwanda?
5. Based on knowledge of the Integrated Co-operative Model in Uganda and its success outcomes, do you think the model can be replicated with primary co-operatives in Rwanda? If so, what are the existing opportunities, and if not, what are the existing constraints?
6. The Integrated Co-operative Model operating in Uganda has been successful because of upholding the culture of joint planning, entrepreneurship, and mobilization for effective negotiation in business. Do you think such motivation for integration is possible in Rwanda? If so, what should the national strategy be for co-operative integration in the country?
7. If co-operative integration is possible for Uganda, what are the tools that can bind co-operatives to run a successful Integrated Co-operative Business Model in Rwanda?

Appendix 3: Interview Guide Instruments for Uganda

Guide for National Level Co-operative Organizations, Especially the Uganda Co-operative Alliance

A) Areas of General Co-operative Development

1. Generally, to what extent has policy and legislation practice in Uganda facilitated the growth and strengthening of the co-operative movement during the era of trade liberalization?
2. To what extent do you think current policy and legislation are still demonstrating government interference into the affairs of the co-operative movement? If so, is it possible to specifically point out sections in the current Policy and the Co-operative Societies Act where there are clear aspects of government control and interference in the co-operative movement?
3. In the current co-operative policy, it is pointed out that Uganda occupies a strategic position for promoting regional trade. To what extent has the government supported the co-operative movement to exploit regional markets? To what extent has the UCA exploited this government position to link the Ugandan co-operative movement with regional and international markets?
4. In the current Co-operative Policy, the Uganda government is committed to developing the capacities of co-operatives to compete in the market, diversification of enterprise activities, and the promotion of good governance in the co-operative movement.
 - a) Is there a specific government program to implement such important objectives?
 - b) Has the UCA developed its own co-operative program to implement such objectives as part of co-operative development in Uganda?
5. The structure of the Ugandan co-operative movement comprises primary societies, secondary unions, Area Co-operative enterprises, tertiary co-operative organizations and the apex. Some of the structures are not affiliated to UCA. But for those affiliated to UCA, do you have periodic assessments to analyze their impact of service delivery to the grassroots membership?

B) Areas Specific to the Integrated Co-operative Business Model

1. The Integrated Co-operative Business Model is member driven, fully supported by the UCA. Do you have a specific program and strategy, to popularize the establishment of the model as an important national co-operative system in Uganda?
2. The Integrated Co-operative Business Model, has been running for some time in Uganda. Has there been any internal assessment to analyze its impact on poverty alleviation and rural development in general?

3. The Integrated Co-operative Model is complex in terms of its management and leadership capacity requirements. Do you have a specific human resource development program for leadership and management training to handle more complex issues of the model?
4. How does the UCA link itself with co-operative business organized through the integrated co-operative societies? Do you have a special organizational structure to deal with such business? If so, how does such facility operate to ensure business growth, member participation and sustainability?
5. The Integrated Co-operative Model is an institutional arrangement to support members' economic development and empowerment. To what extent is the UCA committed to support the operational sustainability of the model? What are the legal and organizational provisions providing security for the Integrated Co-operative Business model?
6. What do you see as current weaknesses, strengths, opportunities and challenges of the Integrated Co-operative Model in Uganda?
7. What is the future of the Integrated Co-operative Model in Uganda?

Interview Guide for Members of Integrated Co-operative Societies

Members' Involvement in Policy Initiation, Formulation, and Implementation
(Governance instruments include national and organizational policies, directives, orders, notices, laws, by-laws, rules, regulations, circulars, etc.)

A) Areas of General Co-operative Development

1. How do members initiate the policy-making process?
2. Is member participation in policy initiation active or dormant?
 - a) If it is active, why and how?
 - b) If it is dormant, why and how?
3. How do co-operative members monitor the implementation of co-operative policy and legislation?
4. How are members involved in proposing any changes in policy, legislation and other governance instruments?
5. After making any propositions, how does the process proceed until action is taken and who is responsible for taking such actions?
6. To what extent do governance instruments facilitate or hinder the flow of communications among various co-operative stakeholders
 - a) Who reports to whom?
 - b) Who commands or orders and who receives them?
 - c) Who has the final say in any communications between members and co-operative leaders? Who has the final say on matters of communication between the government and the members?

7. Who proposes governance structures (e.g., the hierarchy of the organization, span of control, number of committees and sub-committees, reporting procedures, etc.)?
8. Can a co-operative organization establish other committees or sub-committees apart from those discussed above?
9. Can a co-operative organization establish business links or any other form of institutional links with co-operative and/or non-co-operative organizations?

B) The Integrated Model of Organization

1. Are there any contractual arrangements among the three key organizational players in the Integrated Co-operative Model — The Rural Producer Co-operative, the SACCO, and the Area Co-operative Enterprise?
2. Are the three organizations in a network or hierarchical structure of operation and decision making? If so, which one is at the top of the hierarchy?
3. Is there a supervisory organ or mechanism over the TRIO?
4. What security does the TRIO has legally and organizationally?
5. What mechanism exists for holding annual general meetings of the TRIO?
6. Is there a joint board for the TRIO? If so, how is it set?
7. How does the Integrated Co-operative Model operate its business and what structure supports its business operations?
8. How do the three players agree on the mechanisms for joint strategies and business operations for the sustainability of the TRIO ?
9. How does the TRIO guarantee transparency, accountability and democracy amongst the three players
10. Does the TRIO share costs and benefits of their co-operative business? If so, how do the three actors calculate them to ensure equity and equality of the TRIO?
11. The Integrated Co-operative Model is formed by three co-operative organizations namely the ACE, the SACCO and the RPO. Do you have the same and equal membership in all the three organizations?
12. Are the commodities dealt with by the RPOs and the ACEs all accepted and designated by the UCA?
13. Are there contract conditions compelling members of the RPOs to sell all designated crops through the ACE?
14. Can the SACCO accept membership from outside the TRIO? If so, what are the conditions for those members?
15. How do members count for the difference in their conditions of life before and after the establishment of the Integrated Co-operative Business Model?
16. What are the costs and benefits of the Integrated Co-operative Business Model to the members? What is the impact of integration to rural development in general?
17. What are the current challenges of the Integrated Co-operative Model?

18. What are the strengths, weaknesses, opportunities, and threats of the future of the Integrated Co-operative Model?

Interview Guide for Policy Makers

(Policy makers include: ministerial staff in the Ministry of Commerce, Industry and Co-operative Development; the Registrar of Co-operatives; departmental staff in the Co-operative Development Department; officers responsible for legal and policy (or governance) issues in the ministry responsible for Co-operative Development; experts on Co-operative Development and Co-operative Law; purposely selected Members of Parliament who may be experts in governance issues or co-operative development and management)

A) Areas of General Co-operative Development

1. Generally, to what extent has co-operative policy and legislation practice facilitated the growth and strengthening of the co-operative movement in Uganda during the trade liberalization era?
2. Governments have always been criticized of interfering with co-operative business through policy, legislation and rules. To what extent do you accept this kind of criticism?
3. In the current Co-operative Policy, it is pointed out that Uganda occupies a strategic market position for promoting regional trade. To what extent has the government supported the co-operative movement to exploit regional markets?
4. The current policy is committed to develop the capacity of co-operatives to compete in the market, diversification of enterprise activities and the promotion of good governance in the co-operative movement. Is there a specific program to monitor the implementation of such important objectives?
5. After policy legislation and rules are formulated, are there periodic assessments of their effectiveness in terms of serving co-operative members in Uganda?
6. The government of Uganda recognizes all structural types of co-operatives including primary societies, secondary unions, Area Co-operative Enterprises, tertiary co-op levels and an apex co-operative at the national level. To what extent has the government assessed the effectiveness of such structures to their membership and what have been the conclusions?

B) Areas Specific to the Integrated Co-operative Model

1. The Integrated Co-operative Business Model is a member-based initiative in Uganda. To what extent is such a business model recognized and supported by policy, legislation and rules of governance by the government? If so, are there specific provisions in the policy and the Co-operative Act which give such recognition of the model?
2. To what extent are co-operative support institutions aware of such an initiative?

3. To what extent does the government Ministry responsible for co-operatives see the future sustainability of such a business model in Uganda?
4. Is there a strategy for the promotion of the Integrated Co-operative Business Model by the Co-operative Development Department in Uganda?
5. The Integrated Co-operative Model is an important strategy for co-operative diversification as emphasized in the Ugandan Co-operative Policy (2011). To what extent is the government prepared to popularize it through education and other types of campaigns?
6. The Integrated Co-operative Business Model is more complex in terms of its management and leadership capacity needs. Is the Uganda Co-operative College prepared and committed to develop such capacities?
7. The Integrated Co-operative Business Model has been operating for a number of years in Uganda. To what extent has the functioning of the model facilitated government support to the co-operative movement in Uganda?

Interview Guide for Non-Integrated Co-operative Societies on Policy, Legislation, and Governance

A). Members' Involvement in Policy Initiation, Formulation, and Implementation

1. Can members initiate the policy-making process for any cooperative-related policy? How?
2. Is member participation in policy initiation active or dormant
 - a) If it is active, why and how?
 - b) If it is dormant, why and how?
3. How do co-operative members monitor the implementation of co-operative policy and legislation?
4. How are members involved in proposing any changes in policy, legislation and other governance instruments?
5. After making any propositions, how does the process proceed until action is taken and who is responsible for taking such actions?
6. To what extent do the governance instruments facilitate or hinder the flow of communication among various co-operative stakeholders? Who reports to whom?
7. Who commands orders and who receives them? Who proposes governance structures (e.g., the hierarchy of the organization, span of control, number of committees and sub-committees, reporting procedures, etc.)?
8. Can a co-operative organization establish other committees or sub-committees apart from those discussed above?
9. Can a co-operative organization establish business links or any other form of institutional links with co-operative and/or non-co-operative organizations?

B) Operational Framework for the Atomized Model

1. How does the co-operative society conduct its crop marketing business for the members?
2. Where or with what organization is the co-operative society affiliated to?
3. How does the co-operative society relate with the local and central government agencies?
4. How does the co-operative society access external governance inputs such as external audit and supervision?
5. How is the co-operative society protected from business competition?
6. Have the members of the co-operative society heard about the Integrated Co-operative Model?
7. If they have heard about it, what is their opinion about it?
8. Is the co-operative society guided by planning tools such as strategic plan and business plan?
9. What are the challenges of doing co-operative business on their own?

Appendix 4: Interview Guide Instrument for Tanzania

The policy and governance interview instruments will be directed to three groups of respondents:

1. Top government policymakers (ministers, permanent secretaries, and planning directors of ministries of Trade and Industry, Agriculture, Finance and Planning, Irrigation, Fisheries, Minerals and Natural Resources, and Tourism). These ministries are directly linked to the integrated model of rural development and also related to co-operative development. Sectorally, these are ministries where co-operatives can be formed and regulated.
2. Regional and district officers of the same ministries where policy and legislation are interpreted, implemented, and where there is interaction between policymakers and the community.
3. Co-operative movement leadership at the national level. When policy and legislation are formulated, the national co-operative leaders are involved in a participatory formulation process, interpretation, and implementation.

A) Key Issues for Top Policy Makers in Tanzania — Rural Development Policy

1. Is there a policy focusing on rural development in Tanzania?
2. If there is one, what are the main features of the policy?
3. If there is no policy for rural development, do you have any substitute policy framework?
4. Which ministry co-ordinates the implementation of rural development in your country?
5. What is your opinion of integrated rural development in Tanzania?

B) Ministry Responsible for Co-operative Development in Tanzania

1. Do existing sectoral policies in agriculture, Industry and Trade, Minerals, Fisheries, Finance and Planning support co-operative development in Tanzania? If so, how?
2. What relationships exist between rural development and co-operative development policies?
3. To what extent does current co-operative development policy support:
 - a) local networking among primary societies?
 - b) lower- and upper-level co-operative organizations?
 - c) Does local networking extend to joint agro-processing and value addition?
4. From the point of view of the government, what do you think is the current level of member satisfaction and the perceived benefits of co-operatives in Tanzania?

5. Based on knowledge from Uganda, if the Integrated Co-operative Model were to be applied in Tanzania, what would this look like?
6. What features of Tanzania's history have affected the approach to co-operative development, and what is the current policy context like?
7. What are the government's current perceptions of co-operatives and what can government learn from its experience and history of co-ops that will shape policy and legislation in Tanzania?
8. How does the ministry support and promote good governance in co-operatives in Tanzania?

C) Issues for Other Ministries Supporting Co-operative Development (Finance and Planning, Fisheries, Minerals and Energy, Agriculture, Trade and Industry, Irrigation, Housing and Human Settlements)

1. To what extent does your ministry perceive the need for co-operatives in rural development in Tanzania?
2. Do you have co-operative institutions in your sector and how does the ministry support such organizational initiatives?
3. How do your ministerial policies support co-operatives and rural development in Tanzania?

D) Issues for Regional and District Government Staff — Ministry Responsible for Co-operative Development in Tanzania

1. What processes and mechanisms are used by the ministry in promoting co-operative development and registration in your area?
2. When co-operatives have been formed, what mechanisms and processes do you use to initiate the implementation of co-operative policy and legislation?
3. What methods do you use to identify local capacities and the ability to undertake organizational development in local communities in your area?
4. How do you interpret and link local economic development efforts with the delivery systems of the central government in co-operative development?
5. How do you link the existence of resources in local co-operatives with higher-level policy response and recognition?
6. What instruments and tools are used by the government to audit the status of governance in local co-operatives, and what have been the outcomes in shaping governance in local co-operative development?
7. Do you see the emergence of horizontal integration with local co-operatives? If so, what are the areas and co-operative institutions where integration is possible?
8. If co-operative integration at the local level is possible, what are the main issues that should be addressed for the development of successful integrated co-operative development in Tanzania?

9. If co-operative integration is possible at the local primary-society levels, what do you think will be the main tools for effecting successful integration?
10. Co-operative integration is the implementation of principle number six of the co-operative identity. How can the same logic be carried out by co-operatives nationally, regionally, and internationally?

E) Issues for Interviews with National Co-operative Leaders in Tanzania

1. 70-80 percent of the population in Tanzania is rural and dependent on agriculture. What initiatives are taken by your federation to link farmers to existing or new co-operatives in the country?
2. Co-operatives usually operate under policies that shape the operational environment. Which sectoral policies do you think support co-operative development in all sectors and why?
3. Which policies do you think constrain co-operative development in all sectors?
4. Which policies are neutral to co-operative development in Tanzania?
5. Based on knowledge of the Integrated Co-operative Model in Uganda and its success outcomes, do you think the model can be replicated with primary co-operatives in Tanzania? If so, what are the existing opportunities, and if not, what are the existing constraints?
6. The Integrated Co-operative Model operating in Uganda has been successful because of upholding the culture of joint planning, entrepreneurship, and mobilization for effective negotiation in business. Do you think such motivation for integration is possible in Tanzania? If so, what should the national strategy be for co-operative integration in the country?
7. If co-operative integration is possible for Uganda, what are the tools that can bind co-operatives to run a successful Integrated Co-operative Business Model in Tanzania?

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