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Some conceptual views

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**CO-OPERATIVES:
MOVEMENT-TO-MOVEMENT COOPERATION
Some conceptual views**

by
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1. INTRODUCTION

The Nordic Co-operative Programme in Kenya was established in 1967. Although it over the years has undergone a number of changes, it has during the whole period been a government-to-government aid programme.

When negotiating a renewal of the programme in 1985 for the period 1986-90, it was brought forward by the Nordic Countries to make some changes in the institutional set-up. Sweden had for a long time channelled some of its co-operative assistance through the Swedish Co-operative Center, and in 1985 CCD - Co-operative Center Denmark - was established and as from 1986 prepared to give assistance to sister movements in developing countries.

In the negotiations with Kenya it was suggested to channel some of the aids more directly to the Kenyan Co-operative movement, e.g. through Kenyan National Co-operative Union (KNCU) as the apex organisation of the movement, thereby 'circumvent' the Ministry of Co-operative Development.

Further, it was suggested to make some of the assistance the responsibility of CCD, thereby establishing a direct movement-to-movement co-operation. In the first phase of this co-operation KNCU is to be strengthened in order to make it a genuine spokesman for all co-operatives in Kenya.

To what extent is such a change from government-to-government aid to movement-to-movement assistance and co-operation purposeful from a development point of view and possible in practice.

This is the question with which we will deal below. No clearcut answer is provided in the paper. This is neither possible nor intended. Attempts are made to illuminate the issues involved and the problems to face.

2. FOUR MODES OF CO-OPERATIVE ASSISTANCE

First of all an account of the possible modes of co-operative aid or assistance between two countries is made in figure 1.

Figure 1. The Co-operative Aid/Assistance Matrix

Developing Country / Developed Country	Government	Co-operative movement
Government	Government-to-Govern- ment Aid	Government-to-Movement Aid
Co-operative Movement	Co-operative to Govern- ment Assistance	Movement-to-Movement Assistance/Co-operation

We can think of four principal aid/assistance relations between developed and developing countries.

Normally, one thinks of aid as a Government-to-Government relation although those actually receiving the aid might be non-governmental institutions. This has so far been the case with the Kenyan/Nordic Co-operative Development Programme. Until now the headquarter for the aid has been in the Ministry of Co-operative Development (MOCD) with the specific projects taking place within the realms of the movement itself.

The other "extreme" - the movement-to-movement assistance - is an assistance between non-governmental organizations (NGO), which is known from other areas, especially from aid channelled through missions and churches.

In case of co-operatives, international co-operation - e.g. through ICA - is well established. This co-operation covers a number of areas, but actual trade is the dominating and most materialized form.

It is the experiences from such co-operation as well as their own historical experiences and present know-how, that SCO and CCD are to transform into assistance and aid and transfer it to sister co-operatives in developing countries.

In between the two "extremes" or institutionally clean modes of aid/assistance we have the possibility of a government-to-movement aid and of a movement-to-government assistance.

The present Kenyan/Nordic Co-operative Development Programme has as mentioned features of the former mode, but the aid is channelled through and controlled by the Kenyan Government. By cutting the links to MOCD it is of course possible to have direct Government-to-Movement aid. But as the governments in the Nordic Countries only have aid-experiences and no co-operative know-how (e.g. no Ministry for Co-operatives), they would have to recruit people - as they also do today - from the movement to carry out the projects.

At the surface one would think that a Government-to-Movement aid this way would be turned into a Movement-to-Movement assistance. This is not the case. The rationale of a state will not necessary produce the same projects as the rationale of a movement, an issue we shall shortly return to.

Finally, as development of the co-operative movement is a matter in which Governments in developing countries have a keen interest and in which they are very much involved, we might also think of the fourth mode of aid/assistance, namely a Movement-to-Government Assistance.

In this case CCD and SCC would assist the Kenyan Government directly in promoting and establishing a co-operative movement, and Danida/Sida would not be involved. As the co-operative movement in the Nordic Countries have little experience in Government involvement one can also here imagine clashes between two sets of rationales.

Thinking of co-operatives as a grassroot movement and a movement which developed in Europe without much involvement and interference from the state, the ideal mode of co-operation would seem to be a Movement-to-Movement assistance, which probably then would be termed co-operation.

With the establishment of CCE and SCD and their co-operation with Danida/Sida one might say that the Danish and Swedish aid agencies realize that such direct assistance from the Nordic co-operative movements is purposeful to some extent.

On the other hand, it is far less easy to think of the co-operative movement in developing countries without heavy Government involvement. This involvement has both historical, political as well as economic reasons.

Finally, as the assistance to the Kenyan co-operative movement so far has been given as a Government-to-Government aid, it is not easy suddenly to

change mode of relations. Vested interests and traditional 'top-down' way of thinking will have to be overcome, and this takes time.

This, although we in theory can imagine the existence of the four principal modes of co-operative aid/assistance, in practice we will have to work with elements from more if not all four of them. To what extent this complicates the assistance and aid process is the theme to be followed below, but before we will discuss a few issues of a more basic type.

3. CO-OPERATIVE MOVEMENTS AS SOFT IDEOLOGY???

In the Nordic Countries we are proud of our strong co-operative movement, which has contributed to shaping especially rural life through more than 100 years. Its strength - measured for example as % of GNP or market shares within specific industries and economic sectors - can not be denied.

But being a strong movement in a few countries with specific historical roots is not the same as saying that it is a strong ideology. An ideology is here thought of as a set of ideas and rules, governing the relations between people as well as the underlying assumptions on what it means to be a human being.

The co-operative ideology is normally expressed - operationally - in 7-10 principles, the most important being the principles of voluntary participation and one man - one vote.

Looking around the world, one is puzzled by the fact that you hardly find one single country in the East or West, North or South, which does not have a co-operative movement. This can be interpreted to prove that the co-operative movement is based on a strong ideology which hit in the center of what a human being is and how social relations are expressed and built into actual institutions.

On the other hand, one might also interpret it as a soft ideology in the sense that its principles can be shaped or twisted to fit any cultural, socio-political and economic set-up. Democracies, centrally planned economies, dictatorship etc. all have co-operative movements - and more interestingly they all praise them as being a natural part of their past and a vital element in their present endeavours to develop their country.

A closer look at a specific country - as for example Kenya - might reveal

that they disobey or neglect certain of the co-operative principles, so that it is only a co-operative movement on the surface. This often happens, and in fact the co-operative ideology is often a cover for using a co-operative movement as a political-economic tool.

Only a specific analysis can reveal to what extent this is the case in a specific country, but the more state involvement the larger are the chances - some would say risks - that the co-operative ideology is twisted and the movement (also) used as a political-economic instrument.

Thus, although the co-operative ideology is strong in our own mind, it is important that we - and especially co-operative experts - realize its softness and thereby vulnerability.

4. CO-OPERATIVES ARE BASED ON INDIVIDUALISM

It is often heard in developing countries that a co-operative movement is well suited for "our" country, because of the traditional practice of communalism and co-operation in the villages.

Also in movement-circles in the Nordic Countries we praise the movement for its high level of co-operation.

Co-operation is a type of social relation. We have others, e.g. competition or conflict. We have also the social relation we observe in families. These we would not categorize as being co-operative, but affective ties.

What I am heading at is that a co-operative movement is based on, i.e. its existence and prosperity assumes a specific type of social relations.

We are well aware that too little willingness to work together is detrimental to the establishment of a co-operative movement.

On the other hand, we seem too little aware of the fact that a co-operative movement requires a high degree of individualism in the sense of independent socio-economic units, e.g. households, families etc,

As a co-operative is a voluntary agreement, force is a stranger to the movement, but so is affective ties, e.g. in the form of a patron-client social relation, because this makes some social units dependent upon others.

The high degree of individualism required to build a successful co-operative movement is clearly shown in the fact that we have no - or very few - production co-operatives in the Nordic Countries. In fact the co-operative movement was based upon the independent farming families at the same time as they were meant to protect this independency/individualism.¹⁾

Some of the difficulties in the co-operative movements in developing countries stems from too little individualism and individualistic behaviour. Communalism is characterized by a number of affective ties, too strong to make a co-operative work and too few to establish collective production.

5. TRANSFER OF ORGANIZATIONAL KNOW-HOW

A co-operative movement is both an ideology and a specific organizational form.

In the literature the transfer of organizational know-how has attracted much less attention than the transfer of technology. Lately we have seen some writings on cross-cultural organization and management, but no theories like "intermediate technology" or "the promotion of indigenous technological capacity" have been developed in the field of organization.

Although there is a close relationship between the technology chosen and the organization needed in order to use a specific technology, (e.g. in case of a coffee manufacturing company), there are also organizational issues beyond those of technology.

Four of them are: a) developing countries tend to establish too large organizations²⁾; b) they tend to establish them too fast; c) they reorganize too frequently; and d) they are concerned primarily with control and not with development and innovation.

1) The Nordic Countries have production co-operatives outside agriculture, especially in small-scale industries and trade. The author has experienced the agricultural production co-operatives in North Korea. They are established on the same principles as industries, i.e. a high level of division of labour, and some might call them collectives rather than co-operatives.

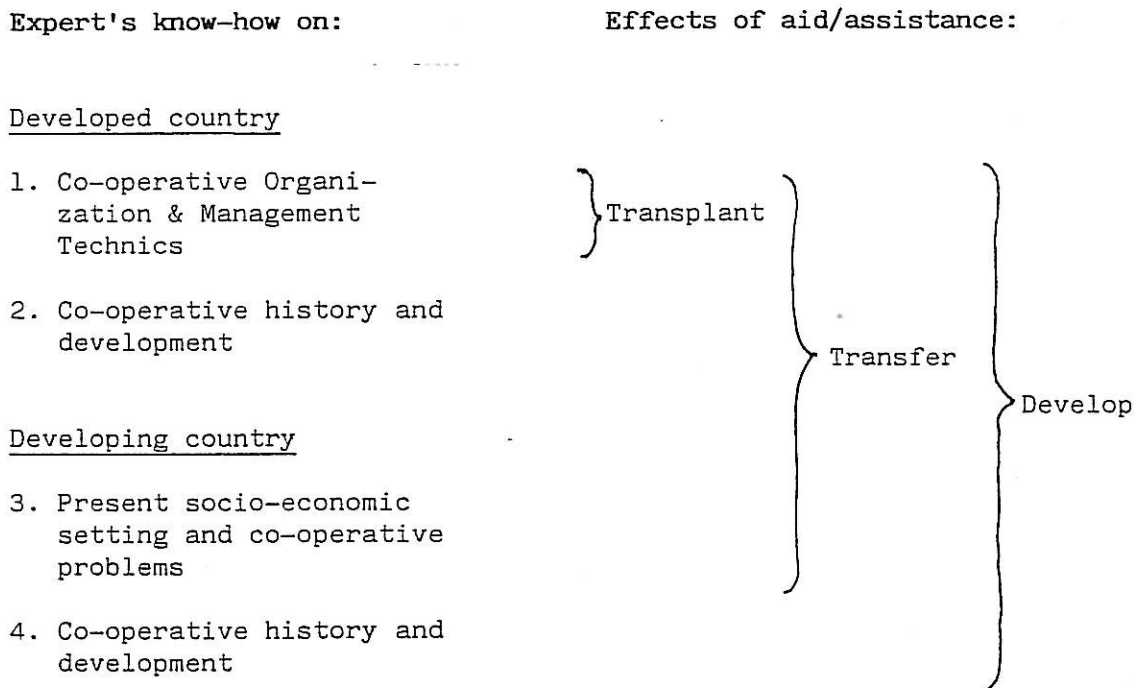
2) Organizations do not grow from small to big ones in developing countries, they are established, born by a project feasibility study.

To establish an organization is a question of money. To develop it is a human learning process. In this process the organizations develop a know-how which is valuable and unique, but which are easily destroyed through frequent reorganizations. There seems to be too many who see an organization as an organization chart rather than as a living social unit, able to accumulate know-how.

Aid agencies often contribute to the organizational instability, primarily by proposing too large organizations and secondly under the impressions of fraud, corruption etc. to be too concerned with control and less with the developmental tasks. The many consultancy reports also testify to the fact, that an organization is a long array of reorganizations.

Figure 2 is an attempt to present a framework for discussing the issue of transfer of co-operative know-how.

Figure 2. Transplant, Transfer and Develop a Co-operative Movement



Experts are normally selected on basis of their "technical" knowledge where the term 'technical' covers organizational, administrative, economic and technological know-how. If the expert solely possesses technical know-how, we can expect co-operative systems in developed countries transplanted directly to LDCs.

Normally, however, experts have some knowledge of the history of the co-operative movement in the developed countries and they also acquire some knowledge of the present problems in the LDS to which he/she is seconded. In this situation we speak of a transfer.

A transfer will be stronger the more insight the expert has of the development of the co-operative movement in the developed countries and the present problems in the LDCs. The extreme case is a situation where "a stage theory of development" for the co-operative movement in developed countries is applied to identify the present stage of the movement in the developing country. When the stage is known, the problems and their solution can be read in the history of the movement in developed countries. By finally adding knowledge of the history of the co-operative movement in the LDCs as well as knowledge of the history of society at large, the expert is better equipped to develop the LDC-movement.¹⁾

The point to make from this analysis is that a movement-to-movement assistance far from solves all problems. In fact, at times it might even be detriment to development, because an expert from for example the Danish co-operative movement believes that he knows the right answer qua his background in the movement. The result: he/she forgets to answer questions and to be puzzled.

The conclusion of this is that a Movement-to-Movement assistance like a Government-to-Government programme must involve a training component of for example 3-6 months duration in order to move away from transplanting and transferring know-how and in its place accomplish more genuine co-operative development.

6. DECENTRALIZED ASSISTANCE

So far the assistance from the Nordic Countries have contributed to strengthen the governmental set-up. In the reviewed programme the intention is to strengthen KNFC as the apex organisation for the Kenyan co-operative movement.

1) Broken into components development might be viewed as:

1. Ability to run a co-operative organization (current business);
2. Ability to solve severe problems (break downs);
3. Ability to establish new but similar co-operatives;
4. Ability to develop and expand the movement.

By creating a big and strong top with a weak basis, this seems to be doing the things the opposite way of what is purposeful. One might fear that without continuous infusions from outside this top will not be able to survive.

CCP has required as a condition for supporting the KNFC that it gets the backing by the co-operative unions and societies. It is not stated what will happen, if this support is not obtained, neither is the actual extent of the backing stated. Would it be enough if the KGGCU, Murang's District Co-operative Union and a few others of the stronger coffee unions support KNFC, or is it a requirement that the genuine grassroots - the societies - express their support.¹⁾

There are two reasons why societies and unions should give KNFC their support. One reason is that if they do not support KNFC, the risk is that the Nordic aid will vanish. Secondly, some societies and unions will see the support as a chance of getting out of the tight Government grip and acquire some more freedom of action for the movement.

But why ask for the support of KNFC by societies/unions? In the short run the support is needed for political reasons. In the longer run for political as well as economic reasons.

The main short term aim of strenghtening KNFC is not to strenghten its servicies vis-a-vis unions and societies, but to make it able to match the competence and power of the MOCD. This is also indirectly stated in the CCP/KNFC-memo, using terms as 'capacity to formulate policies and plans' and 'the capacity to function as the spokesman for the movement as such'.

CCD and SCD can support KNFC so that its capacities match those of the MOCD to fulfil the short term goal.

In the long run KNFC cannot survive without building a stronger bottom. CCD and SCD can give some assistance, but the task at hand is too big for these two agencies to do more than a tiny part of it.

1) The importance of this issue becomes clear when we realize that KNFC is a condition for influence on part of the small societies, but a tool for extending the influence of the larger societies/unions.

As the long run is not very far, and as it takes a long time to build up a service organization, it is time to start developing it now.

Further and in line with the intention to decentralize training and education, the other services ought also to be decentralized.

Finally, as the idea and concept of a co-operative movement is known in most parts of Kenya, the services must concentrate on making the co-operatives viable and based on a sound economy.

Perhaps ideas from the set-up of the Rural Development Fund (RDF) could be modified and used in a decentralization of the co-operative services.

RDF is based on local harambee initiatives. The small-scale projects are channelled through the District Development Committee, which within an yearly budget allocated from RDF can support the project. RDF-projects are supported by an expatriate coordinator and 7 advisory engineers in the field.

To strengthen the co-operative movement at the society level, KNFC with the support of CCD/SCC could establish regional co-operative teams, which have the responsibility to advise the societies in the area and train personnel.

The team must be interdisciplinary, so that it is able to handle all society problems. All too often we see specialized experts facing institutions with non-specialized problems. This must be avoided.

The team's primary task is to provide services to individual societies. This includes in-service training, which must be based on the experience of the co-operative members and management and the actual problems facing the co-operative. Generalized courses can be given, but they must fit into the experience based and action oriented training provided by the co-operative team.

7. THE CONCEPT OF THE STATE

The outcome of intensive and difficult negotiations in 1985 is a new agreement between the Kenyan and the Danish Government to change mode of assistance - at least for part of the aid given to Kenyan co-operatives. An agreement on paper is a necessary step, but is it a sufficient one?

Can the agreement on paper become a fact of life? This depends on many things, among which an important one is the nature of the Kenyan Government.

Oversimplified, there are three basic understandings of what a state¹⁾ is:

1. It can be viewed as the prolonged arm of international capitalism and the domestic bourgeoisie.
2. It can be seen as the neutral mediator between various social groups and interests, aiming at reconciling conflicts.
3. It can also be viewed as a social group - a state class - of its own, acting in its own interest and fighting to stay in power.

On the surface and listening to the gossip in the corridors, many will advocate for the third view of the state. I.e. the present 2000 MOCD-employees (an increase from 7-800 in mid-1970'ties) will fight a change in the mode of aid if this change endangers their position, individually and collectively. The fight will not be easy to observe. It will take various forms such as political pressure, administrative delays, etc.

The Kenyan Government - being a democratically elected Government - most likely sees itself as the mediator or perhaps better the interpreter of the needs of the people. It takes even one step further, it also sees itself as having an entrepreneurial function in development.

The latter is most clearly shown in case of the establishment of state enterprises, but it is the same entrepreneurial role which make the Government promote, support, supervise and control co-operatives.

The view that the state is a tool in the hands of foreign and domestic capital interests was very popular 10-20 years ago. It was a transfer of Marxian analysis of developed capitalist countries to Third World countries and used to explain the social forces leading to underdevelopment.

In its pure form the view is not widely held anymore. The dominating position today is one of admitting the state some autonomy of its own and leaving a precise determination of the state to a more specific analysis of a

1) The state comprises the public administration, politicians and state institutions and enterprises.

given country.

Where does this leave us in case of Kenya? An understanding of the Kenyan state in relations to co-operative development requires taking account of:

1. A large organization - comprizing 2000 people - with accumulated know-how and willing and ability to fight for its position.
2. A Government which sees itself as the interpreter of the needs of people and as having an entrepreneurial role to play.
3. A Government which is willing to control the political process, i.e. the Government will counterfight any tendencies - inside or outside the co-operative movement - to establish alternative bases of power.

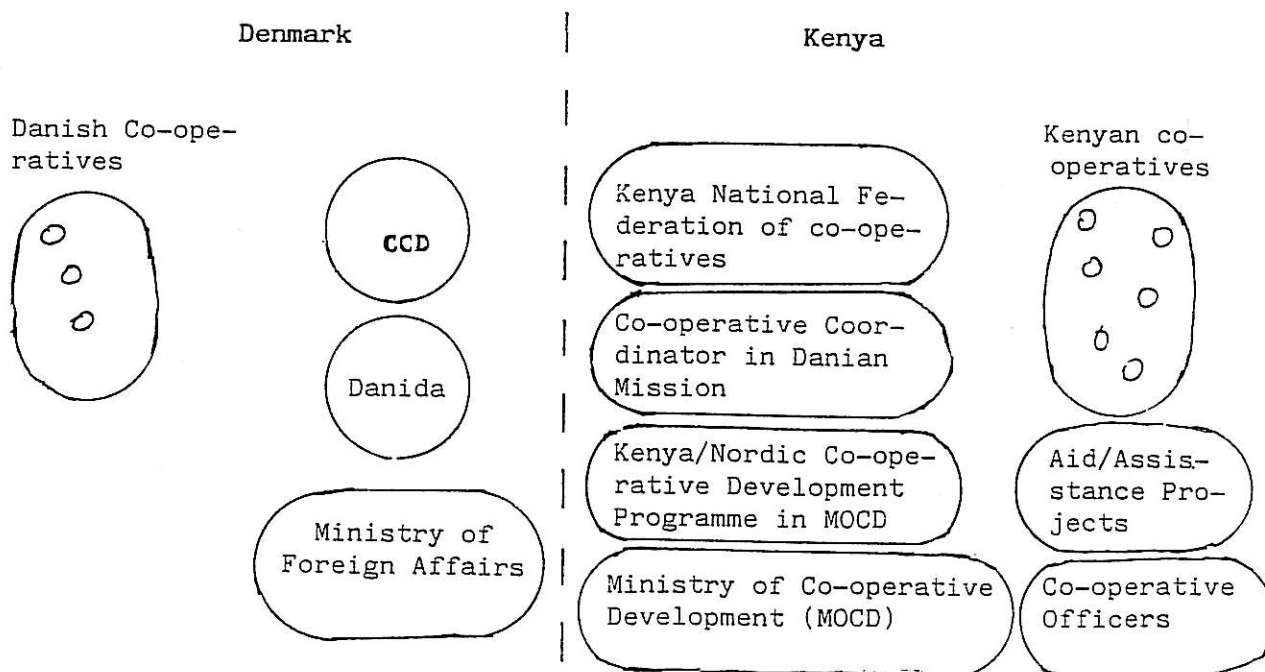
The proposed change of mode in the Nordic aid will have to realize this nature of the state and act in accordance with it - not against it.

The matter is further complicated by the fact that certain co-operatives like KGGCU and KCC function more like a state enterprise than as co-operatives as there is much political but little member control over their operations.

7. AN INTERORGANIZATIONAL COMPLEXITY IS CREATED

In the light of the proceeding section the logical conclusion is that changing the mode of co-operative assistance inevitably creates organizational complexities. (See figure 3).

Figure 3. Movement-to-Movement: An Interorganizational Complexity.



In the first place, Danida and CCD are co-sponsors. They will have to divide and thereafter co-ordinate the work between them.¹⁾

In the second place, the primary goal is to strengthen KNFC, so that it can match the capabilities and later the power of MOCD. This organizational change as well as acquiring influence will be a task of great difficulty, requiring numerous meetings and consultations. In the long run a new division of labour between KNFC and MOCD will have to be established, materializing as changes in the Co-operative Act of 1977. In the short run overlapping organizations will arise.

Finally, KNFC must keep contacts and render genuine services to the grass-roots - a wellknown problem, which very few large grassroot-based organizations have been good to tackle.

One need not be an organizational and/or political specialist to conclude that rather many resources in the years to come will be used for tasks, coordinative in nature.

Unless genuine efforts are made to organize the task of coordination among the many units in a rational manner and to work towards an acceptable division of labour among them, the risk is that aid/assistance will never reach beyond the upper eschelon of the Kenyan co-operative movement - at least not with any large effects.

8. SUMMARY AND CONCLUSIONS

As stated in the beginning, this paper will not offer any straight forward conclusions, but has as its primary purpose to discuss some issues in relation to the development of co-operatives in Kenya by means of aid and assistance from the Nordic Countries and in particular from the co-operative movements in these countries.

In principle a movement-to-movement assistance is the correct one: The co-operative movement is a grassroot movement, which grows without direction from above - i.e. from the state apparatus. Further, as co-operation is the key word and part of the ideology of a co-operative movement, borders

1) In practice the Danish coordination will take place by Danida - CCD in Copenhagen on major issues and by a coordinator in the Danish Mission in Nairobi, a MOCD-coordinator and a CCD-coordinator in KNFC in the field.

should place no restrictions on effective assistance between sister co-operatives in different countries.

In practice, however, several problems can be found.

1. The history of the co-operatives in Kenya is different from that of co-operatives in the Nordic countries and as history does not repeat itself, a movement-to-movement mode of aid/assistance requires just as a government-to-government mode an insight into the socio-economic and political setting of the developing country in question.

A training period of 3-6 months prior to entering an expert position is proposed to make the expert able to use his/her know-how in a proper way.

2. A co-operative movement is a grassroot movement which grows and finally creates an apex organization. A co-operative movement cannot be created from the top, neither by governments nor by co-operative apex organizations.

In this light support to KNFC is less important than support to the grassroots, i.e. a decentralized movement-to-movement programme.

3. Governments in developing countries take an active role in development - also in case of developing the co-operative movement. This is a historical fact, and there is no reason to believe that for example the Kenyan Government via MOCD will withdraw from this role and thereby from the control over development.

In this light support to KNFC becomes important in order to have an apex organization at the same level as the MOCD.

4. Although history does not repeat itself, a movement-to-movement assistance compared to a government-to-government aid seems more likely to be able to nourish the grassroots in the sense of starting on a small scale and let the co-operatives learn and grow gradually. Government normally establishes organizations, emphasizing the control aspects rather than the learning-growing aspects.

To nurse this process, it is proposed that a co-operative team is established in each region/district to assist the co-operatives by means of an experienced based and action oriented training model.

5. A change from a government-to-government mode of aid to a movement-to-movement mode of assistance or to a mix of the two will inevitably create a phase of high degree of organizational complexity. Many resources will be used to coordinate the tasks at hand and many resources will be used before a new division of labour has developed.

It is proposed that this organizational issue is treated as very serious. If it is not solved, chances are that the changeover will be a failure and the future co-operative aid/assistance programme end up in bureaucratic delay of all activities.

6. This discussion I believe has shown that the changeover in modes of aid/assistance as well as the problems in developing the co-operative movement in Kenya in itself is complicated.

A final proposal is therefore to establish if not an outright monitoring system then at least regular evaluations.

Thus, movement-to-movement assistance is no panacea to the development of co-operative movements in developing countries, but given the right conditions and adopting the right approach, it will be able to support especially the grassroots from where the strength of the co-operative movement must come.