

Articles

Can Cooperative Movements Be Successful in Traditional Societies? The Case of Southern Senegal

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In spite of professional and political support for cooperatives in West Africa, their record of accomplishments is very spotty. Advocates of cooperatives have been blamed for not tailoring the movement to the needs, social practices, and orientations of traditional societies. In this paper, an attempt is made to show how indigenous groups can be organized to improve the coordination of traditional groups, local governments, financial institutions, and aid donors. Village cooperatives, called "Groupement Villageois," in southern Senegal were allowed to organize their own business affairs. Credit was provided to the cooperative group by the development agency. Cooperative activities were structured around cultural norms, village traditions, and production systems, rather than merely Rochdale principles. The village chief and elders were responsible for linkages and contacts with external entities. The whole village, and not just individual members, was responsible for credit, marketing, and distribution. After two years of operation, cooperative repayment of credit funds averaged 90 percent. Input use of food crops had increased and member contributions to cooperative equity were on the rise. Applications of this cooperative model were expanding rapidly throughout the region.

Introduction

Scarcely a nation in the world, socialist or capitalist, exists that does not utilize cooperatives (Anschel, Brannon, and Smith). Many of the most respected students of economic development have placed heavy reliance upon cooperatives as instruments of economic reform (Schiller; Young, Sherman, and Rose). Certain features of the Western model have been attractive to developing countries whose goals include the equalitarian objectives of greater dispersion of income and popular control of economic institutions. Writers, like Schumacher, Robert Owen, and Peter Kropotkin, major forbearers of modern cooperatives,

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resisted the alienation, exploitation, and abstract bureaucratic relationships they associated with highly specialized societies (Cotterill). Agrarian socialists and populists had similar concerns and encouraged the organization of cooperatives as mechanisms of development (Goodwyn). Therefore, cooperatives have been recognized by many theorists as the only avenue through which farmer credit and input distribution could be funneled in traditional communities (Anschel, Brannon, and Smith; Adams). This paper shows how "traditional groups" (locally functioning groups responsible for all village activities) can be successfully organized along cooperative lines for credit and input distribution.

In spite of professional and political support for cooperatives, their record of performance has been spotty. In the post-World War II era, the Japanese and Taiwanese (Chinese), are often pointed to as outstanding examples of cooperative accomplishments. The Israeli cooperative farms (Moshav) have also been applauded (Abarbanel). Yet in other nations cooperative performance has varied. In former British African territories the performance of cooperatives has oscillated from year to year. In French West African territories where cooperatives were forced on farmers, success stories have been few. Cooperative organizers have been unable to make cooperatives function successfully in many developing countries. Cooperative advocates are now questioning whether the western style cooperative model can be universally adopted.

The lifespan of the cooperative movement in many West African territories has been relatively short. The reason given for cooperative failure in these societies has been that cooperative advocates have not tailored the movement to the needs, social practices, and orientations of the local people (Donald). As Young, Sherman, and Rose have stated, the cooperative model as introduced in many developing societies was alien to the cultures.

This paper attempts to show how indigenous groups can be organized to improve coordination and performance among traditional groups, government offices, and donor agencies for economic development. A cooperative model of a credit arrangement among local groups in the Ziguinchor region of Senegal demonstrates that successful cooperative business can be conducted without strictly adhering to all principles of the international cooperative movement (ICM).

The Concept of a Cooperative

The term cooperative is applied to any organized nonprofit group or community agency. Vitaliano defined a cooperative as, "an economic organization whose residual claims are restricted to the agent group that supplies patronage under the organization's nexus of contracts (i.e., the member-patrons) and whose board of directors is elected by the same group." Cotterill stated that cooperative business enterprises are distinguished from other forms of business organization primarily by the fact that their members considered other goals to be more important than return on invested capital. Smith emphasized that the definition of a cooperative poses a problem in isolating the contributions of cooperatives to development. Cooperatives encompass formal and informal community groups. Today's business cooperatives are much more structured, because of industry, market, and management requirements, than those in the earlier half of the nineteenth century.

The Cooperative Movement in Senegal

Village cooperative organizations and groups have historically been part of West African and Senegalese societies. Jolly, Maiga, and Gadbois reported that in West African societies there were groups for young, old, female, and male that conducted business on behalf of these groups. These communal groups are sometimes referred to as cooperatives. Development agencies have sought to organize production and consumption activities along cooperative lines. Village groups called "Groupement Villageois" (GP) have been organized to conduct business relating to production and consumption. These groupement villageois are informal types of cooperatives. The modern cooperative movement in Senegal, however, has been very recent.

In the postindependence era, the government of Senegal made the cooperative movement (CM) an integral part of its development plan. The philosophical foundations were rooted in the national leadership's commitment to African socialism as the official ideology of the regime. The CM was to become the basic economic unit to mix the traditional African values of solidarity with modern democratic principles. A circular issued by Dia in 1962 defined the basic goals of the cooperative movement in Senegal.¹

The CM experienced a certain degree of success in its early stages. Gellar reported that during the sixties CM agents had organized hundreds of new cooperative groups throughout the country. By the end of 1960 there were 810 cooperative organizations serving more than 100,000 peasants. Early success was shortlived due to several factors. An expanded program of agricultural diversification heavily emphasized peanuts, the primary export crop. Buying points were set for each group of cooperatives. Each buying point had to serve as a marketing depot for all farmers belonging to the affiliated group of cooperatives. The CM was also hampered by corruption, mismanagement, paternalism of the state bureaucracy, illiteracy of the peasantry, and a variety of external forces (Gellar).

Following a period of neglect the government made a second attempt to revitalize the CM in the eighties. In 1983, Law 83-07 was passed (Decree). The law spelled out the goals and structure of rural cooperatives by specifying their constitutional form, membership characteristics, financial arrangements, organizational and administrative characteristics, control, and ownership. The Ministry of Rural Development was assigned responsibility for enforcing the law. Two years after passage of Law 83-07, there was no significant change in cooperative activities. Cooperatives remained marketing depots for cash crops (primarily peanuts) and did not enhance production of cereal crops as was anticipated. Jolly and Diop noted that the CM was responsible for less than 5 percent of cereal marketed during the 1983/84 agricultural season.

Critics of the Senegalese CM indicated that it was difficult to attain rural development goals in Senegal with a movement that was organized around principles alien to the people. The Senegalese CM's organizational and operational principles were based on the French Société d'Interet Collectif Agricole. Goals set by the CM were unrealistic and did not reflect the needs of the peasantry. Gellar indicated that both advocates and critics of the CM agreed that there was a huge gap between the cooperative ideals envisioned by the leaders of African socialism and the way in which the rural population perceived

the CM. The functioning of the CM was made difficult because of conflicts between the general principles of the international cooperative movement (ICM) from which Senegalese CM was based and that of the rural community groups or *groupement villageois*. The following discusses the conflicts between the ICM principles (democratic control, voluntary membership, payments of savings or surplus on the basis of patronage or volume of business done, accounting principle, and education of members) and local traditions. It also describes a model of the CM, incorporating local traditions, and shows how the model became functional.

Democratic Control

Democratic control implies that each cooperative member has equal rights or is adequately represented in decision making. The principle of "one man, one vote" is adhered to by many cooperatives abiding by the Rochdale principles. Regardless of the form of national government in West African countries, at the village level patriarchal headship is an important aspect of peasant societies because they create "chains" of patron client relationships (Glickman). There exists a multiplicity of such patriarchal arrangements that vary across ethnic groups. Western-style democracies are uncommon in West Africa. Instead government bureaucracies oversee communal village groups and are organized according to racial, ethnic, or religious background.

In the Ziguinchor region of Senegal, the village chief or his appointee presides over all meetings of the group. The chief is assisted by a small group of elders. Each village member participates in village meetings and has input into decision making, but the advisors or elders make the final decisions. The elders are predominantly men. In such societies a "one man, one vote" system has little chance of acceptance. As Glickman indicates, "under some conditions, communal pluralism may be conducive to the development of at least limited forms of democracy." In most cases of communal pluralism, however, democracy can operate only on a consociational rather than a majority rule basis. And even on a consociational basis, it will often break down as a result of social mobilization that undermines the authority of community leaders, or as a result of external political or military intrusion.

Another factor is that the introduction of western-style democracy in West African societies has been rendered even more difficult by the presence of Islamic religious beliefs. As Huntington mentioned, Islam has not been hospitable to democracy. He further stated that of 36 countries with Moslem majorities, 21 were rated "not free." Only Turkey among Arab countries has sustained intermittent democracy since World War II. Senegalese society is heavily influenced by Moslem and traditional beliefs. In the southern region communal pluralism is dominant among village groups.

Voluntary Membership

The political culture of a society, which has been defined by Verba as "the system of empirical beliefs, expressive symbols, and values, which defines the situation in which the political action takes place," will determine the way members of the society react to each other and to their leaders. The political culture that values hierarchical relationships is likely to grant less freedom to individual

members. In traditional societies where patriarchal authority is valued, an individual acts according to the dictates of the chief and elders; if not, that person is considered a rebel.

The principle of voluntary membership, for all who can use the services and for those who are willing to accept the responsibilities of membership, is, therefore, constrained by the political culture of traditional societies. In many indigenous societies an adult male may be unwilling to become a member of a village group, but social and peer pressures will force him to reconsider his decision. Once the adult male is initiated into the community he is automatically a member of all adult village organizations. Membership privileges could be selective, but the individual can also be involuntarily enlisted in the group by the council of elders. This is against the principle of voluntary participation.

The underlying principle of voluntary membership is that all members should be of the same religious, social, and educational interest. According to Dobyns, group members must have a certain degree of like-mindedness in order to come together. Previous attempts at cooperative development have resorted to attempting to bring different ethnic groups together in order to gain economies of scale. As Cotterill suggests, larger cooperatives lead to economies and lower average costs, within a relevant range, but often result in a deterioration of social ecology within the cooperative causing the supply curve of voluntary services to shift to the left. In Senegal the efforts to combine large and small villages into cooperatives with 200 adult members have not been successful. The difficulty encountered in merging members of different ethnic groups has not been solved by offering pecuniary incentives.

Payment of Savings or Surplus on the Basis of Patronage or Volume of Business Done

The small size of many cooperative groups in West Africa rarely permits savings or surpluses. Whatever profits are made from business activities are used according to the dictates of the chief and the council of elders. Whenever surpluses accrue from transactions or from other cooperative activity such as weeding or plowing the field of a wealthier villager, they are used for the building of schools, dispensaries, and/or infant nurseries. In many cooperatives dividends paid to individual members are rare.

Marketing cooperatives organized by the Ministry of Agriculture are operated differently. Marketing cooperatives usually handle cash crops for export. Business activities are conducted on a nonpooling basis. A cooperative that conducts business based on the level of membership patronage is usually met with resistance from the community.

Accounting Principle

One of the specific components of an economic cooperative is its system of accounting (Anschel, Brannon, and Smith). It is a key requirement in the diffusion of this type of social organization (Hatta). Records are required to measure cooperative efficiency and to reduce corruption. In countries with a high level of illiteracy it is difficult to develop a proper accounting system. In most of these countries there is a formal language in which domestic and international business is conducted. It is not unusual to find that less than 5

percent of the adult population speak the official business language. Furthermore, in any one region of the country, several dialects or languages are likely to be spoken. Therefore, the establishment of any formal business at the village level that requires a complex accounting system is dependent on accountants and bookkeepers who are fluent in both the official language and the vernaculars of the region. If the accountant or bookkeeper is not from the village, he is not likely to be trusted with the villagers' finances. In many instances, where extension agents or accountants from development agencies were allowed to handle cooperative funds, the money and the agents often eventually disappeared.

Education of Members

All cooperatives are responsible for the education of their members, officers, employees, and the general public in the principles and techniques of cooperation, both economic and democratic (Sargent). Education of the young has always been a preoccupation of the adult members of traditional societies. The type of education received by youth in a traditional society is broad and encompasses the teachings of the history, traditions, and social organization of the community. Members are trained to adopt the precepts and teachings of the elders. Any type of local, social, or economic institution functions within the context of the community. Every decision reflects community needs and requirements. Teaching the precepts of any one ideology or that of any single group is subordinate to that of the community. The educational needs of any organization must fit into the principles and traditions of the community as defined by the elders.

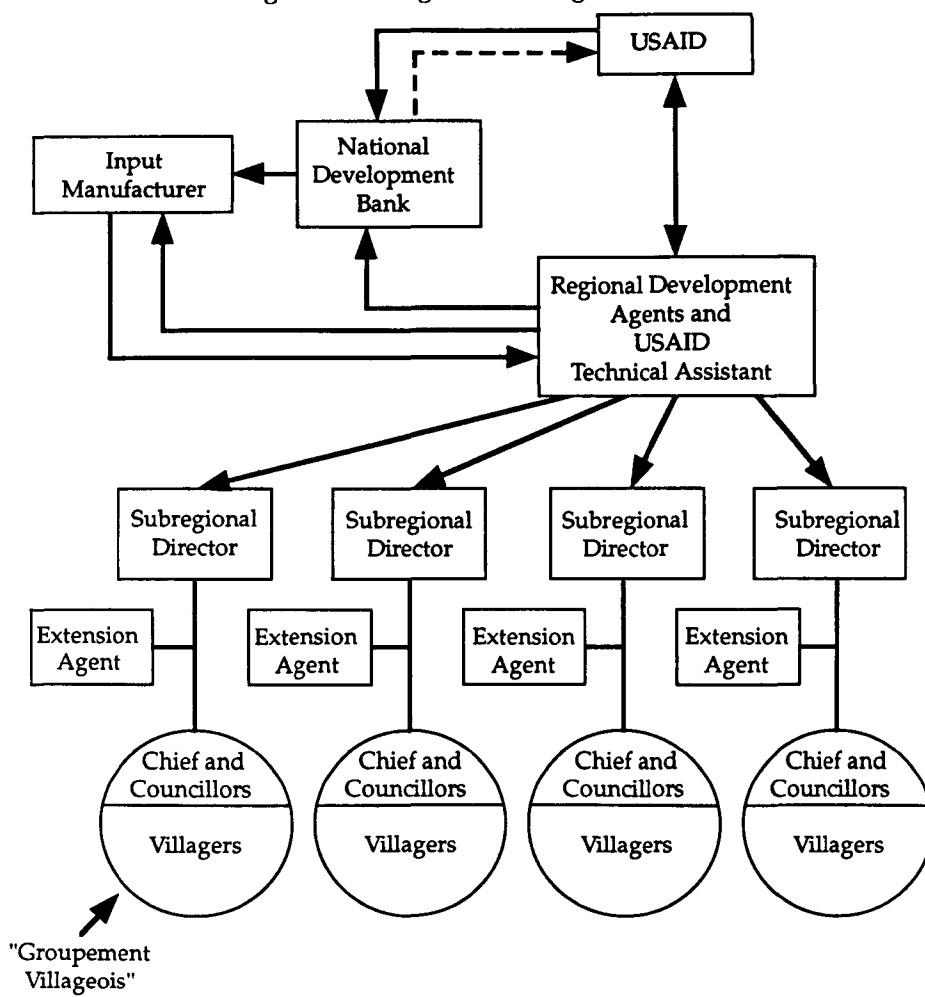
Development efforts through cooperatives have proven more difficult than anticipated by most theorists (Bathrick). The difficulty encountered in the organization and implementation of the CM in traditional societies has been embodied in differences between the values and traditions of local cooperatives and those proposed in the ICM. The elements of the ICM stem from the Rochdale principles and have proven antagonistic to local traditions. Villagers in traditional societies prefer to work through indigenous groups rather than through large organizations forced upon them by the state. The question is how can formal business transactions be carried out successfully at regional and national levels by many informal groups with varying ideologies?

In 1982 an attempt was made in southern Senegal to work with traditional groups to increase agricultural production through making credit more available and through greater distribution of production inputs. In order to achieve success, a model had to be developed that would bridge the gap between local groups, development agencies, and financial institutions. The model was in operation for two years when a survey was conducted to determine its success.

Cooperative Credit Model

The model presented in figure 1 indicates the involvement of the U.S. Agency for International Development (USAID) in the cooperative project. At the initial stage USAID provided seed money and technical assistance to the project at the regional level. The money was provided through the Banque Nationale pour

Figure 1.—Model of Cooperative Organization with Village-Level Groups in the Ziguinchor Region of Senegal



le Développement du Sénégal (BNDS) (National Development Bank) and monitored by accountants at USAID.

The first step was to extend credit to existing village groups called "Groupement Villageois" (GP) or to allow villagers to organize themselves into GPs. Groupement Villageois or groupement producteurs are village-based groups organized by villagers for various activities. These are activities related to production and consumption. These groups are usually headed by the village chief or his appointee. Development agencies use these groups in their extension effort. USAID or the rural development agency exerted no control over the

internal organization of the GPs. The groups chose a spokesman who, with a group of elders or councillors, represented the GP. All heads of households were members of the GP either voluntarily or involuntarily. Each household paid to the cooperative a retainer fee, used to cover the cost of group business activities, and a sum provided as a security deposit. This sum was used also to pay for delinquent debts and factor costs not covered in the stated price of inputs. At the beginning of each agricultural season the leaders and extension agent surveyed members to estimate their credit worthiness and input requirements. All credit was provided in the form of inputs. Group members discussed their estimated requirements with the leaders. Jointly, the leaders and extension agent evaluated the credit requests made by members and determined whether the individual's farm productivity and total farm activity were sufficient to guarantee the loan. The criteria for making such decisions were never stated, but the village councillors indicated that they knew the farmers well enough to determine whether they were capable of loan repayment.

The extension agent helped the villagers prepare the documentation required by the subregional director. A group of councillors and the extension agent took all input requests to the regional director. The regional director presented the total financial need request to USAID. USAID deposited an amount of money at the national development bank to pay for the inputs. The BNDS then ordered the inputs from a private manufacturing firm or development agency. When all financial arrangements were executed, transfer of ownership rights of the inputs was made to the regional development agency from which they were delivered to the subregional director. Local GPs made arrangements for the collection and distribution of the inputs and ensured the reimbursement of the credit. An agreement was made between USAID and the development agency that village leaders were to enforce repayment of the credit and that the members of the GP were responsible for the loan. They were informed that the penalty for failure to repay 100 percent of a loan by the beginning of the agricultural year was denial of credit from the GP for the following year. The regional director returned the principal borrowed plus interest to the development bank. This money served as a revolving fund for future loans. USAID only funded additional monies if credit expansion was requested. The rate of interest paid was decided by USAID and the development agency at a level below the going rate, but about 2 percentage points above the government subsidized rate for agricultural loans.

Results and Discussion

Farmers showed increased interest in the credit scheme. The GPs' contribution to cooperative funds from membership dues or retainer fees after two years had increased by 1.5 million CFA (\$1.00 U.S. = 300 CFA) after one year of operation. In spite of the fact that membership was either voluntary or involuntary, members were required to pay dues. Social pressure was the only mechanism used to ensure payments of fees and debts. The reasons for increased farmer participation in this group activity were that members felt they were part of the organization and that their interests were being served. Secondly, the terms of credit were partially dictated by members.

In the first year of operation (the 1983/84 agricultural season), only 5.25 tons of fertilizer (NPK, 8-18-27) and 14.3 tons of urea were distributed (table 1). At

Table 1.—Fertilizer Distribution and Credit Reimbursement of the Groupement Villageois in Ziguinchor, Senegal, 1983/84–1984/85

Fertilizer Distributed				Credit Reimbursement			
1983/84		1984/85		1983/84		1984/85	
NPK	Urea	NPK	Urea	Equipment	Fertilizer	Equipment	Fertilizer
-----Tons-----				-----Percent-----			
5.25	14.3	194.8	169.0	90.0	95.0	89.0	94.0

the beginning of the second year (the start of the 1984/85 agricultural season) 194.8 tons of NPK and 169.0 tons of urea were distributed. It is important to note that more than 55 percent of the fertilizer was used in cereal production. Reasons for the increased use of inputs on cereals are: no prerequisites of cash crop production were required to gain access to credit and secondly, the inputs were heavily subsidized and even with low cereal prices farmers allocated resources to cereals.

Credit repayment was high. Debt repayment on loans for equipment the first year was 90 percent, and for fertilizer 95 percent. By the end of the second year, repayment on equipment was 89 percent and 94 percent for fertilizer. Debt recuperation was very high when it is considered that in 1980 the rural credit scheme that was managed by the Office Nationale de Commercialization et d'Assistance au Developpement (ONCAD) had been abolished and the government had forgiven participants' debts, an action for which the government of Senegal received much criticism.² Delinquent payments of members were paid for by the cooperative from retainer fees. This allowed the cooperative to receive funding in subsequent years. The forgiveness of rural debt by the government of Senegal reinforced a sense of dependence on the government within the rural communities. There was a feeling that as long as the government provided credit, people would be unwilling to repay.

The cost of operating the credit scheme was low because administrative costs were kept at the minimum. Input costs included transport to the subregional office, interest, and administrative costs. Once the inputs arrived in the subregional office, the GPs were responsible to truck the inputs to the village and distribute them. In this model administrative costs were kept to the minimum because administrators were responsible for many other programs and the cost of their services were spread over the several activities performed.

Debt recuperation is always a problem when farmers produce only food crops and few cash crops. It is difficult to recover debts from farmers who produce only food crops not marketed through government channels. In this case, the administrators lacking a financial history of the farmers could not tell who had a good repayment record. However, the villagers knew the character of each member and were able to apply social pressure on delinquents. In situations like this, the only recourse for debt reimbursement is to make the entire village responsible for a loan.

Each group managed its own business transactions. The GP's structure and identity remained intact, but it became part of a national and regional cooperative credit scheme. The model enhanced flexibility because group differences were recognized. Although this credit system worked, it is not known whether other types of business transactions can be handled within this system unless modifications are made in the GP's organizational structure. It must also be remembered that the use of market interest rates would increase operational cost and reduce membership participation. The extent to which membership interest would fall is unknown. It is known that the cost of capital in developing countries can be above the market rate and individuals will pay that cost to be liquid. In this case the subsidized rate at the development bank was 11 percent, but members of GP were willing to pay 13 percent on borrowed capital. The market rate during the same period was about 15 percent.

Summary and Conclusions

The model shows that local groups can participate in a cooperative credit scheme without major disruption to the community social organization. The principles of the ICM can be applied when necessary, but do not have to be used to hinder cooperative activities. Local groups do not have to adhere to strict democratic control. If the GP thinks the chief and the elders can act and represent the group, there is no reason for limiting business transactions if some members are absent. The type of democratic control remains an internal affair. The other principle of voluntary membership must be decided by the villagers. Problems stemming from lack of an accounting system are mitigated because the villagers are responsible for their funds. They have their own techniques for calculating input needs and funds borrowed. They are further assisted by extension agents who have some knowledge of bookkeeping principles. Accounting records for all group activities are kept at the subregional and regional offices. The model illustrates how cooperative activities can be carried out in traditional societies without strict adherence to all ICM principles. This does not mean that the model can be universally applied. However, it does illustrate that flexibility in the use of ICM principles can enhance cooperative success in traditional societies.

Notes

1. Gellar. Circulaire 32 revisited: "Prospects for Revitalizing the Senegalese Cooperative Movement in the 1980's." Princeton University, and from Loi N° 83-07 du janvier 1983 portant statut general des cooperatives du Senegal.
2. See note 1 above.

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