

Reversal of Gains: The State of Co-Operatives Movement in Eastern Province of Zambia After Liberalisation, 1992-2002

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Abstracts: The study attempts to discuss the performance and effects of farming co-operatives after liberalisation in Eastern Province of Zambia, 1992-2002. The study also discusses the impact of liberalisation policy on farming co-operatives in Eastern Province. The data collection method was remarkable favorably on by information from written materials, which includes published and unpublished sources such as articles in journals, books, thesis and dissertations from University of Zambia Repository. Oral interviews were conducted from notable figures who once worked with the co-operatives. The liberalisation of agricultural co-operatives and marketing was expected to provide incentives for the participation of the private sector, with consequences of competitive marketing benefiting smallholder farmers through better marketing arrangements and higher prices. The study determines that liberalization of agriculture co-operatives in Eastern Province had been positive for consumer and private traders. However, there have been a deleterious experience for many farmers and this mistreated agricultural progress during a period 1991-2002, as compared to the UNIP government when co-operatives were fully funded and controlled by government. The findings also suggest that peasant, particularly, the poor were the main losers through unfair trading practices and influence of private traders, and lack of reliable markets for agricultural produce and inputs.

Key words: Co-operative, Liberalisation, Agriculture, Marketing, Trader,

I. INTRODUCTION

The colonial government restructured the development of co-operatives in terms of the need to meet world demand for raw materials and as a strategy to develop African agriculture in particular and to encourage rural development in general. These approaches were still encouraged immediately after independence in 1964, when the United National Independence Party (UNIP) government continued to embark on active promotion of co-operatives throughout the country. Further, the co-operative movement represented a framework through which the colonial government increased control over rural agricultural production.¹ The UNIP government made great efforts to improve the system of marketing such that co-operatives were appointed to purchase

agriculture products. This was a good idea because co-operative unions were supported by government although some co-operative unions were later appointed as principal buying agents.² During the UNIP government District Co-operative Union and its primary co-operative societies were operating in all the locations of Eastern Province and had over K3 billion in assets which contributed to the development of the economy. These co-operatives helped to create over ten thousand jobs during the UNIP era a period 1964 to 1992. The co-operatives also helped the local people by providing services such as learning and leadership experiences. They also reduced costs of commodities, increased revenues and enhanced stability for members through producer marketing, consumer and credit co-operatives. The local people who joined or worked for the co-operatives acquired production and marketing skills. The farming co-operatives in Eastern Province estimated additional monetary for the past 27 years which helped to the growth of the economy of Eastern Province. This includes in sales through co-operative marketing and membership shares saved in credit unions and accounts. Others included loans which were loaned to primary co-operatives, and housing units constructed and rehabilitated.

In 1991 there were elections in Zambia which saw the Movement for Multiparty Democracy (MMD) ushered into government. The following year 1992, a government document was published which amplified of the newly elected, Movement for Multiparty Democracy Government impact policy on farming co-operative. The state would cease its direct role in marketing food crops and agricultural inputs. The state would also remove subsidies, private parastatal companies in the agricultural sector and completely free prices.³ The government was to restrict itself to managing strategic grain reserves and fostering an environment that empowered the private sector. The government proceeded to liberalize agriculture marketing and problems soon emerged

² D. K, Chiwele, P, Muyatwa, Sipula and H, Kalinda, 'Private Sector Response to Agricultural Marketing Liberalization in Zambia: A Case study of Eastern Province Maize Market Research Report No.107' (1998). 42.

³ FAO/FSD/MAFF, The Adjustment by the Co-operatives Sector to Liberalized Marketing Environment: A Preliminary Analysis of Co-operatives Sector Performance in Crop Input Marketing Season in Central, Eastern and Southern Provinces, Zambia Market Liberalization Impact Studies (Lusaka: Marketing Management Assistance Project, 1995).

¹ V. Walle, Nicolas and D. K, Chiwele, 'Economic Reform and Democratization in Zambia's Democratic Governance Working Paper No.9', 1994, p.3.

because the private sector was slow in responding to the new policy environment.⁴

Objectives of the Study

- Discuss the performance of farming co-operative in Eastern Province after liberalisation a period 1991-2002.
- Investigate the effects liberalisation in agricultural marketing in Eastern Province of Zambia.
- Explain the impact liberalisation on grain marketing in Zambia a period 1991-200.

II. METHODOLOGY

The study involved research at the University of Zambia main library, particularly the special collection section and the serials section where primary and secondary data were consulted. At UNZA main library, books, journals, reports and official government publications were consulted on the general performance of the agriculture sector as well as how state interventions in agricultural marketing contributed to increased agricultural production. Additionally, at the UNZA library, dissertations and thesis were consulted in order to compare with what other scholars had written. Primary data was also collected at the National Archives of Zambia (NAZ). At the NAZ, government publications, letters, reports, minutes and conferences were all consulted to provide information on the activities of co-operatives. Ministry of Agriculture Food and Fisheries Annual reports as well as Newspapers were also consulted from NAZ. These were valuable sources of primary information which was vital in the reconstruction of co-operatives. Oral interviews were conducted from former co-operative employees, farmers and Private traders who competed with co-operatives in grain marketing. These were purposively selected as they had information key to the development of this study. Data collected was analysed thematically and the research was qualitative in nature. The study largely employed qualitative analysis of the data collected. Both archival and oral data was analysed in comparison to each other. Different themes were identified under which the data was analysed and presented.

The Performance of Farming Co-operative in Eastern Province after Liberalisation in 1992 The MMD government had no disinclinations of removing immediately from grain marketing and saw itself as playing an important role in the transition. It soon realized that doing away with the co-operative created a void that needed to be filled quickly. It, therefore, created maize marketing revolving fund to help entrepreneurs raise funds at reasonable interest rates to purchase grain.⁵ Under this arrangement co-operatives were to be treated like any other private firm. Their experience and infrastructural network that they offered, one would expect

that the co-operatives would have enjoyed some advantage in accessing the revolving fund.⁶ This was not the case because co-operatives appear to have been deliberately discriminated against and thus failed to access funds. A period 1992 to 1993 season the first farming season for the MMD government in power, there was less competition in grain marketing in the Eastern Province between co-operatives and private buyers. This was as a result of drought which affected yield during this season. There was little maize to market in the first year of liberalization. The only major competitors, especially during season, were the commercial farmers. These commercial farmers had produced at least a good number of bags in various produce such as maize, cotton, groundnuts, and sunflower etc. than expected due to poor rainfall pattern.

The co-operatives were being undermined by MMD politicians who fell over each other to establish front companies that appear to have a great advantage in obtaining marketing credits. Most of them failed to invest the money they borrowed in grain marketing. And instead chose to put their money into treasury bills where returns were high and whose only risk was the unlikely possibility of sudden and rapid drop in interest rates.⁷ This line of investments was much preferred to production as marketing. The newly formed companies had few facilities such as transportation and storage even though they required demonstrating access to transport and storage as proof of their eligibility.⁸ The very small number of traders who borrowed from the revolving fund actually went into grain marketing.

Throughout the period 1992 to 2002, political factors dictated agricultural co-operative policies. The MMD government set out to alter this long standing arrangement announcing its withdraw from the market of agricultural input. The government appointed a few buying agents and allowed private traders to enter the crop markets.⁹ This implied that co-operative societies were no longer allocated government funds for handling marketing or for the purchase of grain from farmers. As a result, the co-operative movement had to generate its own funding.¹⁰ A great number of farming co-operative ceased to function. In addition, three new organizations seeking to represent the small scale and emergent farmers were formed during the 1990s. These includes the Peasant Farmer Union (PFUZ), National Association farmers of small scale and Women in Agriculture. These organizations did not serve the farmers in Eastern Province well apart from Women in Agriculture. This is because farmers were not well represented. However, a

⁴ Provincial Agriculture Annual Co-operative Report for Eastern Province 1993-1994. 12.

⁵ R. Harber, Maize Market Decontrol Programme (MMDP) Project No. 611-0223 (Lusaka: US Agency for International Development, 1992)

⁶ GRZ, United Nations Development Programme; Eradicating of Extremely Poverty and Hunger in Zambia, an Agenda for Enhancing the Achievement of the MDGs (Ndola: ZHDR, 2003).

⁷ L. Rakner, Political and Economic Liberalization in Zambia 1991 2001 (Elanders Gotab: Nordic African Institute, 2003). p.14.

⁸ C.A. Njobvu, Report on Systematic Client Consultation Study of the Status of Smallholder Farming Agricultural service in Lundazi and Chama District, Eastern Province, Zambia (Lusaka: Institute of African studies, 1995), p.21.

⁹ GRZ, A Frame Work for Agriculture Policies to the year 2000 (Lusaka: Ministry of Agriculture Food & Fisheries, 1993), p.12.

¹⁰ Provincial Co-operative Report for Eastern Province, 1993-1994. p.14.

combination of stabilization measures on credits and size of the crop recovering created huge transitory problems. With hindsight, the largest transitional problem was the fact that the agricultural liberalization was carried out before the economy was stabilized. With interest rates running as high as 300 percent, private sector invested in the lucrative and virtually risk-free government treasury bills.¹¹

The MMD government and other civic organisations asked ZCF to renounce affiliation with UNIP. The ZCF central leadership was criticized by MMD administration which decided to with-draw all maize related subsidies and liberalized the market.¹² Although liberalization was on MMD to return agenda, the speed with which it was implemented suggests that it allowed the new government was hostile to the co-operative movement whose loyalty clearly lay with a major opposition party.¹³ Traders followed the commercial farmers to their door steps because they had at least a little produce for sell. This process involved traders going out into remote villages and looking for grain from farmers. Larger traders engaged subagents to collect maize from the farmers and deliver the commodity to central place in the village, a practice which is similar to depot a concept once operates by the co-operatives.¹⁴ The subagents were given money by traders to purchase maize from farmers and they in turn were given a commission on a bag. The traders then transported the maize from collection points to their place of sale by trucks. However, the next other following seasons saw a bumper harvest and competition was immediately heightened as private traders entered the markets.

Table 1: Maize bought by Co-operatives and Private Traders in Eastern Province, 1992-1995

Year	Estimated Price Per 90KG Bag (K)	Co-operatives	Private Traders
1992/1993	7,727	1,650,544	740,778
1993/1994	12,315	2,101,234	7,138,437
1994/1995	16,198	147,520	3,132,723
1995/1996	20,753	20,411	4,101,456
1996/1997	22,203	12,198	5,238,467

SOURCE; *Department of Marketing and Co-operatives Annual Report for ECU, 1996*

Table 1, shows that in Eastern Province private traders bought more maize than co-operatives after liberalization. This is because private traders bought crops on cash basis. Most large scale trading was dominated by Asian Zambians such as Sable, Kavulamungu and Kersons Enterprise, Shifa, Aliboo. Others were Clark Cotton and Lonhro and all these companies

were in business before the liberalization policies were announced.¹⁵ However, these went onto crop marketing after 1992, when market was liberalized. These large scale traders were largely business who engage in other business activity besides agriculture trading. They used more casual workers than permanent worker. The large scale farmers bought crops in bulk on a daily basis in cash. Some private traders bought commodities on credit and were expected to add 10% of the price.¹⁶

There was reduction in grain marketing for co-operatives in Eastern Province because government no longer funded the institution. The government instead appointed principal buying agents. Many primary co-operative members in Eastern Province, especially those who were educated and influential, became agents for private traders. These people were engaged because of their experience in grain marketing and also to help them as temporal employment. The private traders could make contacts with the farmers through buying agents even before crops were ready.¹⁷

The contacts were based on either order price or order quantity. The total number of traders who made contacts with farmers was estimated at 67 percent. These agents purchased and assembled produce from many small scale farmers and then a trader would come to collect the commodity. The agents were given a commission for each back assembled at a central place. Most traders had a challenge of theft and transport which constrained them to go out to buy the grain on their own. Only one trading firm, Sable, which always operated as a transport company had its own transport. The hire charges for transport ranged from 75/ton/km for maize and 200/ton/km for cotton. The price per ton was higher for remote areas such Mugubudu and Chimparamba in Chipata, Chimtende, Kasamanda, Matunga and Kafumbwe, in Katete. This was as a result that of long distances and poor road network.

Private traders had challenges in storage shades and Sable Company was the only with enough storage facilities and also rented to other traders. The charge reported for the rented storage was K54 million per 3 months with a capacity of five thousand 90kg bags of maize. Clark cotton used open slabs for storage and no ownership charge was levied.¹⁸ Unlike the co-operatives, private traders like Sable, Kavulamungu and Kersons, used to sell their commodities to local markets such as National Milling. According to Central Statistical Office, Katete estimated 50.8 percent of small and medium scale farmers sold their grain to private buyers between the years 1993 to 1997. Only 12.6% was sold to the co-operatives

¹⁵ Interviews, Yeesani Banda, Former Contact Buyer for Kavulamungu Katete, 18th June 2016

¹⁶ Katete District Co-operative Annual Report 1996-1997. p.32: Also see A. Mwanaumo, 'The Effects of Maize Marketing Policy Reforms in Zambia', MA Dissertation, Department of Agricultural Economics, Purdue University, 1994.

¹⁷ Provincial Annual Co-operative Union Report 1994-1995. p.24.

¹⁸ Provincial Annual Co-operative Report for Eastern Province 1998-1999. 33.

which acted as principal buying and others sold to deficit local households which was double those to co-operatives.

While there were national policies for liberalization, many local restrictions and regulations stayed in place. There were few support programmes to assist traders, particularly their need for loan finance and guaranteed market with seasonal and territorial prices. The new marketing relations were often confusing to farmers and extension officer.¹⁹ Some of the tangible benefits from the co-operatives included support in the leadership growth of people, the changes in behaviour to make collective decision and facilitating a greater appreciation of sharing by people working together in communities.²⁰

Effects of Liberalisation of Agriculture Sector

The MMD government liberalized the grain marketing barely one month after coming to power. This timing was not right because they paralyzed the role of co-operative movements which had dominated grain marketing since the 1970s.²¹ In fact, just before complete liberalization, it was found that 97% of farmers in Eastern Province sold their produce to co-operative, while remaining three percent sold to private traders who comprised 56% commercial farmers, 19% millers and 25% to local villagers.²² The role of co-operatives in Eastern province declined tremendously since liberalization. Statistical data indicated that maize marketing through co-operatives had declined by 90% during, 1993-97. This means that only 10% was bought through co-operatives which were under principal lending institutions.²³ Competition in the input trade was less stiff during this period. The major competitions in distribution of inputs were Nitrogen Chemicals of Zambia and Zamseed. The Nitrogen Chemicals of Zambia supplied fertilizers while Zamseed Company supplied seed. These companies both operated a wholesale and retail network and entered the market. The other registered fertilizer dealers includes, Cavmont Merchant Bank, Omnia, kynoch, Panar and Cargill.²⁴ All these companies distributed fertilizer to farmers on behalf of the government.

Despite of liberalization, co-operatives were able to source inputs on credit to sell farmers for cash. Thus liquidity problems did not present major constraints in this regards

although there was a risk that farmers would fail to repay loans. Co-operatives were no longer the dominant players. It is tempting to conclude that private traders fully assumed the role that was played by co-operatives in Eastern Province. Although this was likely in due course and the situation in Eastern proved that there was a long way to go. In all the co-operatives, farmers were dissatisfied with these arrangements and looked back with longing to the days of the co-operatives during the UNIP era. The major concern was that private traders were not always coming to their areas to purchase grain. As earlier mentioned, this problem arose from the poor state of the roads, more especially roads to Ukwimi area in Petauke, Msoro in Mambwe and Chipangali in Chipata. Other areas of Katete includes, Vulamkoko, Matunga, and Mung'omba co-operatives. Before liberalization all farmers were assured that their grain would be purchased without them having to take it outside their local area.

This situation was not the case after liberalization because the government did not fulfill its promise to the farmers because they struggled in marketing²⁵. Farmers, especially those in remote locations of the province, found that they had to take their grain to public markets which were often outside their areas selling produce at a low price. Very few farmers had the advantage of traders who purchased maize from their own locality more especially farmers from peri-urban co-operatives area which were close to town.²⁶ On the input side, farmers were obtaining fertilizer and seeds from distributors other than credit coordinators often had to travel long distances to urban areas before obtaining their inputs.

The distributors of inputs were often located at urban areas and farmers in all the co-operatives went there to buy the supplies they needed. This became a very big disadvantage to the farmers from remote places because they had been used to collect inputs in their areas during the UNIP era. The acute transport problem faced by farmers made this arrangement rather awkward as it was during the UNIP era. In all this, the co-operatives had been trying to integrate into the new policy environment, but with much difficulty. A number of them had not been able to compete effectively in either distribution of crops or inputs distribution market especially after the government stopped funding them and the face of intense competition from the private sector.²⁷ Prior to liberalization, agricultural markets were characterized by pervasive government controls. Various reforms were introduced after liberalization which include removal of price control, liberalization of domestic and external trade, decontrol of interest rates, introduction of foreign exchange rates, tax reforms and formulation of policies and legislation. This

¹⁹ Provincial Agriculture Officer Extension Report Eastern Province 1998-1999. P.18.

²⁰ F.O. Wanyama, Cooperating out of poverty; The Renaissances of Africa Co-operatives Movement (Geneva; ILO, 2008). Also see District Co-operative Report for Katete 2001. 1-13.

²¹ A. Mwanumo, W.A Master, P.V. Preckel, 'A Spatial Analysis of Maize Marketing Policy Reforms in Zambia', American Journal of Agricultural Economics:79, 1997, pp .514-523.

²² D.K Chiwele, P. Muyatwa, K. Sipula, H. Kalinda, 'Private Response to Agricultural Marketing Liberalization in Zambia', A Case Study of Eastern Province Maize Marketing Research, Report No.107, 1998.

²³ FAO/FSD/MAFF, Some Characteristics of Emerging Grain Market; Preliminary Review of Private Sector Maize Trade during the 1994/95 Marketing Season, Market Liberalization Impact Studies (Lusaka: Marketing management assistance project, 1995)

²⁴ GRZ, Ministry of Agriculture and Co-operatives: A Review Paper on Liberalization. 1998.

²⁵ Interview, Boyd Mate, Agriculture Camp Extension Officer Kangwelema in Katete, 12 June 2016.

²⁶ Interview, Kennedy Kumwenda, Chiyambi Co-operative Member in Katete, 22nd June 2016.

²⁷ B. Kaluwa and W. Chilowa, 'Malawi Food Marketing Liberalization and Household Food Security; Preliminary Results from Baseline Surveys', in Rukuni and J. B. Wycoff (eds.) Market Reforms Research Policies and Food Security (Harare: UZ/MSU, 1991)

meant no direct government involvement in the running of the co-operatives. Liberalization saw the mergers and splits of various co-operatives societies. They divided into small uneconomic of mismanagement mainly fueled and other factors beyond managements control like fluctuating market prices.²⁸ The Political influences could not be avoided and some individuals in management used their positions to gain political coverage.

There were few co-operatives that had been successful in challenging liberalized and privatized economy. Most co-operatives in Eastern Province a period 1992-2002, performed poorly and were unable to provide their members with services and support that they initially were formed to provide.²⁹ The service they provided includes, awarding their members, giving their members subsidized inputs and training them. The weakening of these co-operatives affected food security and income of the farmers. Analysis of trends in performance of major crops such as maize, groundnut, sunflower and cotton revealed the collapse of co-operatives on agriculture.³⁰ Based on information from surveys, Ministry of Agriculture Food and Fisheries on crops this study observed unfavorable trends in performance of most agriculture crops. Maize production declined by more than 50% between 1995 and 2002. The decline in production through co-operatives was more pronounced than the estate sector. The liberalization of maize as staple food was poorly timed, wrongly sequenced, not well monitored and lacked preparation of the stake holders co-operatives societies.³¹ Marketing unions and input agents who offered services like credit, farm input and extension services were adversely affected.

On the other hand, co-operatives in Eastern Province were unable to provide farmers with credit and farm input such as ploughs cattle, fertilizers and chemicals for financing production as they used to do during the UNIP era. Households had been unable to produce enough staple crops for their own consumption. The fall income from the scale of food crops had also implied that disposable income used to buy food requirements from the markets had fallen. This had adversely affected the household food security. Other household's needs such as school fees and medical were equally adversely affected. Production of cotton also was affected due to the collapse of co-operatives. There was a reduction in cotton production and the reason attributed to this reduction was because of purchase of inputs particularly insecticides.

²⁸ F. Wanyama (eds.), *Co-operating out of Poverty; the Renaissances of African Co-operatives Movement* (Geneva: ILO, 2008), p.56.

²⁹ Interview, Allan Sakala, former District marketing Officer Katete, 18 July 2016.

³⁰ N.A.Z SEC1/87, Eastern Province Annual Co-operative Report, November 1998; See also District Reports of Agriculture Economic Census 2001.

³¹ K. Sipula, 'Reforms of Maize Market System in Zambia Issue of Price and Market Policies Co-operatives and Interprovincial Transportation', Unpublished PhD. Dissertation, Department of Agricultural Economics, Michigan State University, 1993, p.45.

The co-operatives in Eastern Province after liberalization was mismanaged as a result of the newly found freedom from the government. Consequently, government removing strict state supervision on co-operatives, they were left without a regulatory mechanism to play the role that government had previously played. The newly attained liberty was dangerously abused by elected leaders to the detriment of many co-operative societies. This resulted in many cases of corruption, gross mismanagement by officials, theft of co-operatives resources, split of viable co-operatives into small uneconomic units, failure to surrender members and deposits to co-operatives dismissal of staff.³² The management committee refused to vacate office after being voted out by members. Conflict of interest among co-operatives official were endless and illegal payments to the management committees were increasingly reported nearly in all the co-operatives in the province.³³ Such problems were more demoralizing than building the solidarity of the members to operate their enterprise. Consequently, many co-operatives especially in remote areas closed down.

Further, lack of financial resources to provide services to their members meant that some member would naturally seek services from other providers that had now been permitted to trade. Many were the members of co-operatives that trooped from mismanaged and malfunctioning co-operatives to find alternative markets for their produce. For example, the retreat by government and emergence private entrepreneurs, particularly in the marketing of agricultural produce led to the collapse of many primary co-operatives and co-operatives union. The private buyers offered better prices and paid farmers on cash basis as a result co-operative societies drastically declined.³⁴ With little incentives from co-operatives such as better prices, increased efficiency, benefits of economics of scale and or access to agricultural credits, members were simply looking for a buyer to purchase their produce at competitive prices.

The end result is that members ceased to market their produce through primary co-operatives and at the same time few primary co-operatives managed to retain their members by offering slim better services and were found doing business with their co-operative unions rather than exploitative. Due to insolvency, the union paid lower commission to primary co-operatives which were inadequate to cover the operation cost of the service that they rendered. At the same time primary co-operatives were at liberty to sell the produce to any willing buyer on the market. Primary co-operatives stopped doing business with co-operative unions. Co-operatives unions viewed their union as dead institutions and were happy with

³² D. Andrew, *Rethinking Agriculture Input Subsidy Programme in a changing World Paper* prepared for the Trade and Markets Division, Food and Agriculture Organisation of the United Nations (London: University of London, 2009), p. 45.

³³ Provincial Co-operative Strategic Report for Eastern Province, 14th November 2002.

³⁴ Interview with Shadreck Ngoma, Former Sable Depot Buyer for Msoro, Katete, 7th May 2016.

liberalization because it had offered those better marketing channels as well as the possibility of obtaining poor quality produce traditionally rejected by co-operative unions. With nature of such members, co-operatives unions naturally collapsed.

The Impact of Liberalisation on the Farming Co-operatives in Eastern Province

The MMD agricultural policies on co-operatives had four major effects in Eastern Province which disadvantaged farmers.³⁵ Firstly, these policies disregarded the co-operative membership as owners of the organisation. These policies disregarded co-operatives to be managed, controlled democratically and autonomously by the members themselves. Secondly, policies were politically motivated and encouraged political prominence of the nation rather than the socio-economic and social progress of the members and of the local communities. Thirdly, the co-operatives had no structure and on a scale not coinciding with objectives of the membership. Lastly, these agriculture policies resulted in destabilizing the co-operatives for the co-operatives became weaker and weaker in managerial, financial and operational stance by losing assets.

In 2002, nearly all the co-operatives in Eastern Province were technically bankrupt and such they were unable to maintain operations and were liquidated. All the district union such Petauke Co-operative Marketing Union (PCMU), Katete Co-operative Union (KCMU), Eastern Co-operative Union (ECU) were closed with all its operation shut down. Prior to the closure of these Unions, workers were not paid for some years and later the organizations were closed.³⁶ Many co-operatives in Eastern Province were technically bankrupt and as such they were unable to maintain operations and were liquidated. All the district unions were closed with all its operation shut down. All the workers were laid off without been compensated and majority of them had worked with the organisation for more than 20 years.³⁷

Many workers sold their properties which they had acquired in order to survive and send their children to school. Those who were sitting tenants in the district co-operative houses built by the organisation could not release them because of the benefits which were not given to them. Some are still occupying them up to now. In Katete district, some union houses were handed over to police and are occupied by police officers. Many of them sold their houses in order to get their package and government could not retaliate on the same issue.³⁸ The most affected workers who went with nothing, were those that were not accommodated in institutional houses. This is because they had nothing to hold to when the institutions were closed. All the office equipment, truck and motor bikes from all the district unions in the province were

taken to Chipata and no one knows how they were auctioned to the public.

The impact was also felt by the local people in the district who depended on the services provided by the institution such as, production of cooking oil and Mealie meal which was cheaper. In 1997, all the remaining assets for example KCMU in Katete were auctioned and the oil plant and the grinding machine were bought by Ibrahim the local business man of Asian origin who failed to utilize the equipment's.³⁹ In Chipata ECU, land and storage shades where the union operated was bought by Kavulamungu another indigenous Zambian Asian local businessman by origin who has also not yet utilized the land premises. Currently the land is very idle and buildings are dilapidated and some have collapsed.⁴⁰ In Petauke the situation was the same because the land and all the assets were auctioned but still workers were not compensated.⁴¹ Others had to sell their property in order to send their children to school. Some of them had to reallocate to their home villages and their children had to stop school because of lack of sponsorship. Only very few primary co-operative societies survived with very few assets and these were Kafumbwe and Vulamkoko in Katete, Feni in Chipata and Vizimumba in Petauke. The only assets of co-operatives that survived were grocery shops and storage shades but both operated below level. For Vulamkoko they still had their tractor but it was a non-runner. The reason why these co-operative were still surviving was because they were closer to the chief palace and the chief sided occasional help.⁴² The Kafumbwe co-operative was close to chief Kawaza's palace while Vulamkoko was closer to Chief Mbang'ombe's palace.

The co-operatives in Eastern Province after liberalization lost all the major assets which it had acquired during the UNIP rule. The only asset which remained were the storage shades which were no longer in use because they were not well managed. Most farmers in the province were no longer guaranteed markets in remote areas. Credit and inputs became more difficult to obtain as farmers no longer had to sell crops to the co-operatives.⁴³ There appeared to be a lack of attention to processes of liberalization and many officials and politicians were still hostile. Many local restrictions and regulations stayed in place. There were few support programmes to assist traders particularly their needs for loans finance or guaranteed market with pan-seasonal territorial

³⁹ Interview, Saidi Banda former Marketing Officer, PCMU, Petauke, 29th May 2016.

⁴⁰ Personal testimony. I have lived in Katete for more than ten years. I have talked with many people about co-operatives. The discussion inspired choice of this research.

⁴¹ N.A.Z SEC1/87, Eastern Province District Annual Report on Co-operatives 1999; Also see District Report on May/June 2000, Audit Report of Co-operative Assets.

⁴² Interview, Walaza Phiri, former Committee Member Chimwa Co-operative, Katete, 23 August 2016.

⁴³ A.M. Mwanza, Structure Adjustment Programme in SADCC Experiences and Lesson from Malawi, Zambia and Zimbabwe (Harare: SAPES, 1992), p.59.

³⁵ Rakner, Political and Economic Liberalization in Zambia 1991-2001, p. 12.

³⁶ Katete District Annual Report on Co-operative, 2001. P. 11.

³⁷ Interview, Flywell Phiri former Clerk for KCMU, Katete, 22nd June 2016.

³⁸ Interview, Beatrice Phiri former Secretary ECU, Chipata 4th June 2016.

prices.⁴⁴ The few marketing relations were often confusing to farmers and extension officers. Most of their crops were sold by farmers soon after harvest because they lack cash and storage facilities.

Most of the shades in these primary societies were dilapidated and some collapsed and renovations were not made because of lack of resources.⁴⁵ The prices during the main harvest marketing season were wider between the consumer and the producer. This created a big gap such that farm prices were at similar levels regardless of distance from the main consumer market. This appears to be an indication that traders can push farm prices down to some sort of minimum which does not reflect marketing costs. Part of the argument for liberalization is that it was going to encourage a competitive market at primary (farm gate) level so that part of the grains from liberalization would accrue producers because of competition between crop buyers.⁴⁶

It appears that with the main collapse of the co-operatives in many areas of the province, farmers face only a single buyer. It was contented, largely by government officials and the press that such traders used their local market power to buy maize at very lower prices. Lack of finance or access to loan finance limited the number of traders able to enter the market. This sort of un-competitive situation was unchecked. Liberalization resulted into removal of farming input such as fertilizers, storage insecticides and fertilizer subsidies.⁴⁷ However, the predominantly small traders did not on input supply operations. Farmers were faced with higher prices and higher costs of obtaining inputs. This was due to lack of local supplies and a lack of access to seasonal loans following the collapse of the co-operative operational.⁴⁸

The main problems co-operatives faced included persistent low business efficiency, weak capital base, heavy indebtedness and limited credit worthiness. Other problems include weak entrepreneurial capability of managers, boarder members and the unbalanced organizational structures of the movement. The policy of liberalization of the economy and the movement presented further challenges that resulted into the collapse of many co-operatives.⁴⁹

⁴⁴ S. Carter, *Agricultural Marketing Management; A Teaching Manual Network and Centre for Agricultural and Training in Eastern and Southern Africa* (Harare: Longman, 1992), p.123.

⁴⁵ Interview, Joseph Nyoni, former Camp Extension officer, Mzime, Mzime Agriculture Camp, 2nd June 2016.

⁴⁶ FAO/MAFF, *The Adjustment by the Co-operatives Sector to Liberalized market Environment* (Lusaka: Marketing Assistance Project, 2000).

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III. CONCLUSION

In conclusion, liberalization programme of agriculture in the Eastern province of Zambia had been positive for consumer and larger traders, but liberalization had been a negative experience for many farming co-operatives and may have harmed agricultural development. The lack of service for small traders, particularly finance, had delayed the establishment of an efficient marketing system. It appeared that implementation of liberalization had been poorly managed and was introduced too quickly after structural adjustment started. It is indeed worth to recall here that after liberalization, most co-operatives in Eastern Province were financially unstable and some become insolvent. In view of the above, the government of the Republic of Zambia initiated a fertilizer subsidy programme. This led government legalizing the private trade in fertilizer. Government continued to distribute large quantities of fertilizer and seed worth billions of Kwacha. Initially, loans were introduced in the early years of the programme and later through substantial subsidies to small scale farmers. However, the loan system had its own challenges and it later broke down. This was a government way of revamping and taking control over co-operatives again. Finally, it is worth emphasizing that liberalization of agriculture co-operatives in Zambia has been positive for consumer and larger traders. Liberalization took place at a time when the macroeconomic and the rural infrastructural situation appeared inadequate. However, the MMD seems to have been in a hurry to introduce reforms and marketing system that destroyed the role of co-operatives. Liberalization was announced just two months after it assumed office. What appear to explain this is that MMD perceived the co-operatives movement which had stood solid during UNIP.

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Conflicts of Interest

The authors declare no conflict of interest.

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