



# A Role for Co-operatives in Community Natural Resource Management

By Samantha Lacey

The livelihoods of farmers in Africa are totally dependent on the natural environment around them, especially for access to sufficient water for their families and their crops. Many communities have set up groups to try to improve access to water or use forest resources sustainably, but their efforts are limited by their inability to generate income to fund their projects. This paper investigates the potential for co-operatives to help them to improve their livelihoods in a sustainable way. This discussion paper is based on recent research carried out in Kenya and Tanzania, the findings of which will be published as part of the Co-operative College's series of papers.

## Vicious cycles of poverty and environmental degradation

Access to sufficient, clean water for household use and irrigation is a major challenge in Kenya and Tanzania and it is getting worse. Rainfall is becoming erratic and unpredictable, making timing crop planting very difficult, since rains often come and then stop, causing newly germinated seeds to dry up. Water sources used for drinking are often polluted, carry diseases and dry up during droughts. Women from the Mara River area in Kenya said that during the last drought they had to walk all day, sleep overnight to collect the drops of water from a spring in their buckets, and then walk back the next day.

Farmers see poverty as a key cause and effect of the environmental challenges they face. They know that chopping down trees reduces the productivity of their farms, which means less food and less income from selling crops, exacerbating poverty. On the other hand they feel they have no choice because they cannot afford to buy tree seedlings to replace the lost trees and do not have the money for energy saving stoves which would need less wood.

## Community Based Organisations

Many developing country governments, with the help of NGOs, have started to hand over the responsibility for managing natural water sources, forests and fishing to the communities who depend on them. The idea is that by forming committees in villages, they can discuss and overcome conflicts about the use of these life supporting resources much more effectively than a government minister can from an office.

Some groups manage the maintenance and distribution of water through traditional irrigation systems, ensuring that villagers help to keep the water channels clear of debris and get a fair share of the water available. Forestry groups police their local woodland to make sure that seedlings are planted to replace trees chopped down for firewood or timber. Sometimes they also have projects to encourage people to use energy efficient stoves to reduce the amount of wood needed. Beach management groups are responsible for keeping a track of who is fishing from their beach, whether they are using sustainable fishing methods and to coordinate activities with other beach management groups.

## How do Community Based Organisations (CBOs) work?

Although each CBO decides on its own rules and regulations in consultation with its members, they do have several similarities. They are generally based around a common interest such as managing a local spring, a forest or a beach. They generally operate in a specific area, although this can vary from a small village to a whole river basin covering two countries.

Members from local communities join on a voluntary basis. They democratically elect committees to run the group. Some split their members into different categories and reserve seats for representatives of those groups.

Apart from helping the members to manage a local environmental problem, they also provide a contact point between the relevant government ministries, NGOs and the local community. Sometimes several CBOs from a district elect representatives to a higher level Board that meets with ministers on a regular basis. They often work to uphold the law in their local area.

Despite helping with local environmental law enforcement, they generally do not receive direct funding from the government or NGOs. CBOs have to raise their own income through charging membership fees, and, in some cases, from a tax on fish caught or sold, or a fee to extract or receive water. Some set up small businesses on the side such as a tree nursery to generate income to fund their activities (see Mara River Case Study) or just to help improve family incomes.

## Common Challenges

There are now large numbers of these Community Based Organisations all over Kenya, Tanzania and many other countries. This is a good starting point for involving communities in the sustainable management of the natural resources they depend on. However, it is not a simple task and they face many challenges:

- Finding ways of generating income.
- Obtaining loans.
- Finding a structure that suits their needs.
- Developing the necessary management skills.
- Accessing information and training.

Some of the CBOs are well run, have built up high levels of trust among members and are undertaking

lots of projects to improve their local environment and the productivity of their farms. Some of them would like to adopt a more formal structure to give them freedom to own property, generate more income, obtain loans to fund projects, and to be legally recognised and listened to.

By contrast, others are struggling to motivate their members due to a lack of income generating opportunities, poor member engagement or just poor management skills. Some say that members expect to receive direct benefits, such as improved incomes, from joining the groups and when these do not materialise immediately, they become demotivated. The benefits from many projects, like planting trees, might take many years to be felt.

Obtaining finance is a common problem for CBOs. Sometimes groups are unwilling to take the risk, or are too small to be considered by banks. The interest rates or deposits required might be too high for them to manage. Individual members also find it hard to obtain loans for activities on their own farms, like digging bore holes, buying farm inputs such as seeds and paying school fees. In many areas, people have set up their own savings groups and Savings And Credit Co-operatives to help with this problem.

## A Role for Co-operatives?

There are a lot of similarities between CBOs and co-operatives (see table on back page). For example they are democratic, membership based groups formed around a common interest or problem. They are generally smaller and less formal than co-operatives but this can be a good way to build the skills and trust needed to run a co-operative.

Some NGOs see CBOs as a stepping stone to communities forming income generating businesses or co-operatives. Some have helped groups of CBOs come together to form marketing co-operatives (see Chome Water Users Case Study) and some CBOs grew out of existing co-operatives (see Dunga Beach Management Unit). However, although being registered as a co-operative can create opportunities, it is not easy:

- Many people do not trust co-operatives.
- The process of registering can be bureaucratic and difficult.
- There is a lack of awareness of the adaptability and relevance of the co-operative business model.
- It is not easy to access good quality training on setting up a co-operative.

# Case Studies

## Dunga Beach Management Unit

The Dunga BMU is on the shores of Lake Victoria in Kenya. It consists of fishermen, boat owners, fishmongers and others involved in fishing at the beach. Its main purpose is to monitor fishing activities and to ensure fishermen are not using illegal techniques such as poisoning fish. However, they also provide other services to their members such as rescuing them in bad weather, negotiating prices for them with fish traders and helping to clean the beach, including maintaining toilets. Its main income sources are membership fees and daily charges to fishermen and fishmongers for use of the beach. It grew out of a pre-existing fishermen's marketing co-operative.



## Mara River Water Users' Association (WUA)

Mara River WUA covers the whole of the Kenyan part of the river basin and consists of representatives from a range of CBOs and other organisations in different areas of the basin. It is responsible for negotiating discussions between different water users, advising on the allocation on water permits in the basin, resolving conflicts and acting as a contact point between the relevant government ministries and the communities. Member organisations pay a membership fee but the majority of the office's running costs are covered by a small on-site tree nursery.

## Chome Water Users Association

The Chome WUA is part of the Tanzanian Traditional Irrigation Project. Their role is to manage water distribution among the members of the group according to each member's acreage. Members pay an entry fee and also monitor one another's fields to ensure each other are complying with the By Laws of the group. They elect a committee which manages the By Laws, organises the canal cleaning days and represents them at the meetings of all the WUAs in the District. Several WUAs decided to come together to form a marketing co-operative to help members sell the excess produce they had as a result of the improved irrigation. However, there were communication issues which resulted in most WUA members not knowing about the existence of the co-operative.



## Chuka Forestry Kiangondu Group and Water User Group

Chuka Forestry Group and WUA are part of the Mount Kenya East Pilot Project which aims to protect the natural resources and improve the livelihoods of people living near the rivers that feed into the Seven Forks Hydro Electric dam. The forestry group manages the forestry resources, reporting any illegal tree felling to the authorities. The WUA was assisted in building a structure to protect the spring on their land to ensure it provides clean water for drinking. They have also started income generating activities such as building a fish pond, a tree nursery and are saving money to build a water bottling plant so the water from the spring can be sold.



	<b>CBOs</b>	<b>Co-operatives</b>	<b>Private Businesses</b>
<b>Purpose</b>	Based on a common interest, often social, although can involve economic activities.	To meet the economic, social and cultural needs of their members, who are usually united by a common interest.	To generate profit for shareholders.
<b>How is it run?</b>	Usually democratic and managed by elected volunteers.	Management is answerable to a board of democratically elected members, the board is answerable to the membership. One member one vote.	Management is answerable to a board who in turn are answerable to shareholders. Size of votes determined by size of shareholding i.e. amount of money invested.
<b>Where do profits go?</b>	N/A, CBOs do not usually generate profits. Any income is used to carry out the functions of the group.	Reinvested in the co-operative, with the remainder divided among members i.e. Profits stay local.	Reinvested in the business, with the remainder divided among shareholders according to number of shares owned.
<b>Where does their money come from?</b>	From membership fees and donors.	Membership fees, loans and charges for services.	Investment by shareholders, loans and charges for services.
<b>Key Advantages</b>	Easy to set up and manage. Small so easier to build trust among members. Can fulfil a wide range of functions.	One member one vote means poorer members are equally represented in decision making. Designed to balance social and economic priorities of members. Highly adaptable structure. Are part of a wider, global co-operative movement.	Decision making may be faster due to not having to consider potentially conflicting interests. Focus on profit maximisation motivates efficiency. Easier to raise capital.
<b>Key Challenges</b>	Lack of a legal identity and formal governance structures creates challenges when trying to grow and be heard.	Can struggle to raise capital. Have a bad reputation among some people due to a history of corruption and government interference. Low awareness among decision makers of the potential of co-operatives.	Accountability to shareholders means the views of the poorest are unlikely to be heard. Legal obligation to maximise profit makes it hard to prioritise environmental or social objectives.

## How Could Co-operatives Help?

- Co-operatives are designed to balance the economic and social needs of members. They should therefore be able to help people improve their incomes and manage the local natural resources in the long term interests of the community.
- Co-operatives are recognised legal entities which can own property and do business.
- Co-operatives are owned by their members and profits stay within the local community.
- Co-operatives have established governance structures for incorporating the views of members.

## Recommendations

- NGOs could work with CBOs to trial the process of progressing to a co-operative structure.
- Better training for NGOs and CBOs needs to be developed to explain the potential relevance of the co-operative model and how the mistakes of previous co-operatives can be avoided.
- CBOs need help to develop a solid business plan before considering setting up a co-operative.
- The legal frameworks surrounding CBOs and co-operatives should be reviewed in light of some of the challenges highlighted above.

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The Co-operative College  
Holyoake House  
Hanover Street  
Manchester  
M60 0AS  
United Kingdom

**Tel:** +44(0)161 246 2926

**Fax:** +44(0)161 246 2946

**Email:** [cfid@co-op.ac.uk](mailto:cfid@co-op.ac.uk)

**College Website:** [www.co-op.ac.uk](http://www.co-op.ac.uk)

[www.internationaldevelopment.coop](http://www.internationaldevelopment.coop)

