TERRORY AND PRACTICE OF CONSUMER COOPERATIVES IN THE SUDAN
A CASE STUDY OF CONSUMER COOPERATIVES IN KHARTOUM PROVINCE

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ملخص البحث

التعابير الإستحلاكية في السودان
بين النزاعات والتعابير
دراسة الجميات التفاعلية الإستحلاكية في مديرية الخولان

أهداف البحث:

تكون البيعات التعاونية الإستحلاكية في السودان كثيرًا في الدول الأخرى - لكن إداة التعاونية والتجاوبية مهيئة تعد بها إجتهاب
الإطاحة النفسية للاستحسان، بهدف ورفع مستوى معيشتهم اقتصاديا واجتماعيا.

سيب هذه الدراسة هو معرفة تطور التعاونية الإستحلاكية في السودان على حدود الأولى الأساسية التي أتُمست من أجلها بالكتابة عليه.
هذه البيعات وتستدعي أن عمها تعالىًا ونسجًا بالذاتية، كتبًا،
لؤولو إلى هذه الدليل انتهى هذا البحث لدراسة وتقسيم شأة وتطور الحركة
التعاونية الإستحلاكية في السودان، وكيفية باكترها، بدوره يلعبه واستخدام
المسائل أو المعوهات التي تلعبه عن الطبيعة الفقهية والฉบبيات التي
تشتبا من القيام بدورها كأداة عخيمة بيئة لحداث التغير الاجتماعي
بالتكامل.

هذا البحث لا يهدف للدراسة وطيم سبب انطلاق الحركة التعاونية في
السودان باعتبار أن تلفة جمعية التعاونيات الإستحلاكية هي مكرفة
وقد اقترب دور التعاونيات الإستحلاكية في مديرية الخولان كمثال للحركة
التعاونية الإستحلاكية في السودان، يكون البحث من خصبة نصول.
الفصل الأول يحتوي على مساحة للتوسع لثقافة الفضول، تتضمن الفصول الأولى التطور في عملية التنمية الاجتماعية والاقتصادية، لذا لا يمكن أن يكون هذا الفصل يمكن أن يكون من الصعب في سطحيًا.}

الفصل الثاني يحتوي على مساحة للتوسع لثقافة الفضول، تتضمن الفصول الأولى التطور في عملية التنمية الاجتماعية، لذا لا يمكن أن يكون هذا الفصل يمكن أن يكون من الصعب في سطحيًا.}

الفصل الثالث وهو لـ "البحث" يحتوي على مساحة للدراسة. بحث

الدراية المنهجية للفصل الاجتماعي للتفاعلات الإستهلاكية في التدوير، والمشكلة الإدارية التي تحققها، وما هي تعاونات الإستهلاكية من دورة هذه

الفصل الرابع: "البحث" يحتوي على مساحة للدراسة. بحث

الفصول الخمسة، وهي الفصل الختامي، يحتوي على مساحة للدراسة. بحث

الدراية المنهجية للفصل الاجتماعي للتفاعلات الإستهلاكية في التدوير، والمشكلة الإدارية التي تحققها، وما هي تعاونات الإستهلاكية من دورة هذه

خضوع إلى أشياء تم تحسين مستوى أداة التحريزات الإستهلاكية

ضعيف البحث:

تم جزيء كبير من هذا البحث عن طريق طريقة خاصة جزيئية

معينات من الجماعات الإستهلاكية في مدينة الجوف، وقد روي في
اختيار هذه المهارات أو تكوين مناطق متعددة، وعلي ضوء ذلك تم اختيار أهداف هدف ساحة إستراتيجية من المناطق الرائدة، وتم مناقشة المعايير من مواقف السكان بالدينية وتم القائمة عادة متحلى بالبذل الإداري أو الباقى أو كليهما، بالإضافة لفترة المفاوضات لتنشئ البيت على عدة مصادر ونوعًا مع بعض الاستنادات والتقارير المتعددة والأعمال التي تشدد جملة بيئة السوق التجارية الاستهلاكية هذا إذا استمتعت البيئة وتتأثر بالإجراءات التشريعة المتعددة التي كتبت من القيادة التجارية في الدول التجارية العامة.

شامل المبسط:

تلتقي النتائج التي وصل لها البحث في أن معظم التحويلات الاستهلاكية في السياق تشكل القصص في كثر من أنواع، وإن هناك شكل تواجد هذه التحويلات بشكل دون وسيط من خلال المشاركين الذين تقدمت من هذه المسائل والمصالح عند وجود مساحة كافية للعمل؛ الدراسات في موضوع ذات تفاعلات للتعلم والمعرفة التجارية، مثلك الشاركة التجارية في العمل التمويلي بيئة فعالة، هم وجود تحسين بين قطاعات التفاعل وفهمه المتعدد، وهم بدون صلات بين مهندس القطاعات هذا مع ثقل المجتمع، وذلك في تفاعل التعاون التكوين، وشاملية الأعمال النشطة الذين يعملون في مجال التمويل، وليست بالذات من هذه التفاعلات والمحور الهام التي ذكرت هذا لا يمكن إلا بعد نظر التحويلات الاستهلاكية فقد إتاحت هذه الدراسة أن هذا النوع من الجميات يلعب دورا هاما إذا في تلبية الاستهلاكات الاجتماعية.
الجميلات الاستبلاكية في مواضع العمل ألا أن ت掴 وشاركة
اضلاعاً في جماعات مواقع العمل وأن يتمّ جمع كل معلومة
في منطقة واحدة في مجتمع أشكال كبير وآخرون يؤدي
الفتحين مستوى إدارته هذه التجهيزات.
ABSTRACT

Purpose and Scope of the Research

Consumer Cooperatives have been established in the Sudan, as it is similarly the case elsewhere, to serve as important auxiliary tools for the adequate satisfaction of urgently felt popular socio-economic needs. To what extent have consumer cooperatives in the Sudan been able to serve such objective and how can they be meaningfully and effectively developed to continue to assume such important activity, is the central focus of the present research. To this end, an attempt has been made to examine and assess the evolution and growth of consumer cooperatives in the Sudan, their operational characteristics, the range of problems and constraints which tend to hinder their effective performance, and their present and future prospects for developing into effective popular instruments for the satisfaction of urgently felt socio-economic needs.

The research has not aimed to examine and assess the entirety complex of the cooperative movement in the Sudan. Rather, a choice has been made to concentrate on consumer cooperatives which are of particular and more direct relevance to the focus of the research. In the light of such concentration, and drawing more specifically upon the experience of consumer cooperatives in Khartoum Province, an attempt has been made to raise and discuss in each of the
chapter of the thesis some specific major questions or issues. In the first chapter a brief general theoretical analysis has been attempted as a necessary framework for the meaningful discussion of the issues and questions which are raised in the subsequent chapters of the thesis. The second chapter has embodied a brief general historical account of the evolution and growth of the cooperative movement in the Sudan in general and consumer cooperatives in particular. In the third chapter, which is the core chapter of the thesis an attempt is made to examine and assess the operational characteristics of consumer cooperatives including the range of problems or constraints pertaining to their commercial and managerial activities. The administration of the cooperative function and the constraints experienced in this respect together with the overall relationship which the government has to the cooperative movement in general and consumer cooperatives in particular are the basic issues which are raised and discussed in the Fourth Chapter. The concluding chapter of the study embodies an overall assessment and attempts to offer some suggestions in the direction of improving the standard of performance of consumer cooperatives.

2- Methodology of the Research

A great portion of the research has been undertaken through extensive oral interviews conducted in some selected consumer cooperatives in Khartoum Province. The Interview
preclude their effective performance. Basic among these
deficiencies and constraints are the inadequate financial
resources, the apparent lack of effective educational and
training programmes in cooperative activities, the lack of
sufficient popular involvement in cooperative work, the
lack of effective inter-cooperative relations and/or
communications, and the apparent quantitative and qualitative
shortage of staff within the Department of Cooperation.
However, despite these deficiencies and constraints, it is
also concluded that there is an unquestionable need for
consumer cooperatives to continue to assume their important
role in the satisfaction of urgently felt socio-economic
needs with the Sudanese society. This, of course, would
always call for continuous assessment of their performance
as a prerequisite for improving and developing their
standard of performance. To this end, some suggestions for
improvement are offered in the concluding chapter of this
study.
Finally, I would like to acknowledge with gratitude the cooperation and collaboration of all the people of the consumer cooperatives whom I interviewed and whose conversations and discussions have been most useful.
CHAPTER ONE.

INTRODUCTORY REMARKS.

1. The Essence of the Concept of Cooperation.

As a spontaneous activity symbolizing joint human action by two or more persons for the purpose of achieving a specified common objective, cooperation is as old as human history. However, as an organized social movement based on a distinct body of knowledge or ideas and designed to contribute to the satisfaction of pre-scribed economic and social ends, cooperation is a relatively recent intellectual endeavor that dates back to approximately the early years of the 19th century.

The cooperative movement in its modern form developed in Europe over a hundred years ago as a reaction to the harsh private business which tended to exploit the workers. It could be traced back to 1844 with the founding of the Rochdale Society. But the movement in actual terms existed before that date. It began with the Owenian or the early 19th century. Robert Owen is considered to be the father of the pre-Rochdale Cooperative Movement. His theory was primarily concerned with social improvement. His views about unemployment, the formation of character and the cooperative communities are all aimed at improved social order. Owen believed that human happiness is
determined by human character which is mainly determined by the conditions to which human beings are subjected. Owen believed that cooperative villages would ultimately replace capitalism and competition and consequently provide for the conditions necessary for what he called universal happiness. 1/ His ideals of "equality, social ownership, mutual aid, just prices, the abolition of the profit-motive and education in cooperation as a means of improving character", have all contributed to the development of the modern cooperative movement. 2/

The pioneers of Rochdale, most of them were weavers, formed their society in Rochdale which is an industrial town located near Manchester. Rochdale was mainly a textile town full of hand-loom weavers. With industrialization and the introduction of steam power many firms were established. The fluctuation of wages affected all the workers and was more severe upon the hand-loom weavers. Such situation led to a series of strikes. The failure of the strike of 1844 led to the foundation of the Society of Rochdale Pioneers. 3/
The pioneers made use of the ideals of Owen and tested them

1/ Arnold Bonner, British Cooperation, Manchester, Cooperative Union Ltd., 1951, Pp. 9-12.
2/ Ibid., p. 21.
in the context of real situations to give the movement the strength it has enjoyed. This, however, encouraged the growth of other societies, the present cooperative movement developed as a result of their efforts.

Consensus about the definition of the concept of cooperation is still lacking. As a result, there is no single, precise and commonly accepted definition of the concept. Varying levels of emphasis still continue to characterize the thinking of scholars and practitioners concerned with the field of cooperation. An examination of the literature of the field brings out and reveals this fact very clearly. In fact and because of the difficulty in reaching consensus about a precise and commonly accepted definition of the concept of cooperation, the scope of the topic has been made in the 50th Session of the International Labour Conference that it may be more appropriate to describe principles of cooperation than to try to define what cooperation is.
conscious purpose. Such general definition, as it is evident, embody two complementary basic elements as necessary conditions or requisites for the existence of any level of cooperative action: (1) joint human effort, (2) an objective or purpose mutually accepted as worthy of the joint effort.

In the context of such general definition a cooperative institution may be defined as an association of persons who have similar or shared socio-economic needs which they seek to satisfy better more through a common undertaking than by individual action or means. Similarly cooperation may be defined as a form of an organization in which persons voluntarily associate together on equal bases for the promotion of their socio-economic interests.

These definitions are by no means exhaustive of all other possible definitions of the concept of cooperation. They are merely intended to provide us with a general framework within which we can meaningfully outline and discuss some general principles and some fundamental concepts and issues pertaining to the essence of cooperative action.

It is to be noted that most definitions tend to stress the satisfaction of economic needs of the members of cooperative organizations. This means that cooperative organizations are essentially economic organizations. The failure of a cooperative as an economic organization means its failure to achieve its social objectives. William King who is an earlier scholar in the field of cooperation sees that cooperative communities evolve by the development of cooperative enterprise. The cooperative capital should be invested by the members to solve the problems of poverty, misery and disease. The accumulated capital can be used in employing other members, i.e., the members are employed by their society and the product is theirs. This makes a cooperative organization different from a private enterprise organization. The accumulation of capital by a cooperative organization aims at raising the living standard of its members while a private organization accumulates capital and makes profit at the expense of others. In other words, the cooperative movement is essentially a socio-economic movement having its own philosophy. As one scholar puts it:

"The theory of cooperation is very briefly that an isolated and powerless individual man, by associating with others and by moral development and mutual support obtain in his own degree the material advantages available to wealthy or powerful persons and therefore develop himself to the fullest extent of his natural abilities." 1

Thus the essence of cooperation is that it is a union of persons, not of capital and that with collective spirit and mutual help it seeks to satisfy the common needs of the members.

2. The Principles of Cooperation:

Most scholars and practitioners in the field of cooperation believe that cooperative organizations inevitably need to be built and developed in terms of a set of principles which guide and govern cooperative action and/or cooperative behavior. Without such principles, it is believed, cooperative organizations can hardly manage to serve the purposes for which they are created and developed. In view of this, scholars in the field of cooperation have undertaken effort to develop a number of principles defining the nature of activities of cooperative organizations and the objectives they should seek to serve. However, it is to be noted that in developing these principles which have 1/ Kulkarni, Theory and Practice of Cooperation in India and Abroad, Vol. I, Peace, Bombay, The Gowerstors Book Dept., 1938, (4th edition), P.5.
Some to be accepted by most countries, scholars have drawn considerably from the experience, rules and practices of the Rochdale Society. These principles are:

1. Open Membership - This principle stresses the notion of equality; people are afforded the opportunity to cooperate and participate irrespective of their race or ideological beliefs. However, the undesirable and competing elements are normally restricted. Participation is voluntary but compulsion is sometimes needed particularly in cases where lack of participation may lead to adverse or serious effects e.g., in the field of agriculture.

2. Democratic Control - This principle makes the meeting of the general committee of a cooperative society as a small parliament in which the people find equal chances to express their opinions, each member will have one vote irrespective of his share or his status in the society. The election of the management committee gives the members equal chances to participate in management and affords them the opportunity to exercise the extent of their ability to choose the right people. This, in more practical terms, will teach the people how to discuss their affairs and reach a compromise and how to participate in national elections or national plebiscites.
3. Dividend on Purchases - This principle stresses the idea that surplus must be distributed among members in proportion to the business which they have done in the society during the year. This encourages the loyalty of the members.

4. Limited Interest on Capital - This principle states that a modest rate of interest on paid capital is allowed. The interest on each share is fixed; no one is allowed to have more than a certain percentage of the shares.

5. Political and Religious Neutrality - This principle is important because discussion of such matters may cause a rupture in the working of a cooperative society and distract it from discussing economic and social affairs which are its main objectives. Besides, if the cooperative society supports a certain political group it will gain the hostility of the opposite group.

6. Cash Trading - This principle stresses the need for cash transaction because debts may not only affect the liquid cash of the cooperative, but also, they may not be repaid. This principle also aims at enlightening people not to buy more than what they need.

7. Education - This is an important principle because most of the participants in cooperative organizations are
Ignorant教育 helps them to participate intelligently in discussing the affairs concerning their society. Besides, without knowledge they will not be able to control their business in an effective manner.

3. The Cooperative Law.

The earlier cooperatives were spontaneous and natural; there were no laws to regulate them. The expansion of the cooperative organizations, the increase of their membership and the complexity of their business made it necessary to put a law to organize the movement. The law was adopted and amended over years. According to the cooperative law, "... a cooperative is a lawful organization serving desirably..." Thus the law gives the cooperative organization its legal entity.

The 50th Session of the International Labour Conference advised that the laws of cooperative institutions should include a definition or description of a cooperative, the description of its objects, the procedures for its establishment and registration, the amendment of its statutes and its dissolution, the conditions of membership, methods of administration, management and internal audit, machinery... [12] ILC, Co-operative Management and Administration. Geneva, Kandig, 1965, (Third edition), p.f.
for the external audit and guidance of cooperatives and for the enforcement of the rules and regulations and protective measures against possible misuse of cooperative practices.

The cooperative law consists of three parts. The first part embodies the Act setting out the fundamental features. The second part deals with the regulations and rules, framed in accordance with the provisions of the act. The third part embodies the by-laws which govern the procedures of a cooperative society and set out a line of policy which it is to work. Registration is usually granted on the basis of the by-laws. Usually model by-laws are provided by the registrar and the details are discussed and decided by the members.2/

4. The Economic and Social Content of Cooperation:

Cooperation is a device to enhance social change (economic, social and political) but the economic factor is dominating. Ever since the 18th century cooperative movements were basically economic organisations designed to meet the economic pressures which affected the labourers and peasants after the Industrial Revolution. However this should not be

taken to mean that cooperatives are solely profit-seeking organizations although profit is necessary to carry out social services. Cooperative action contains social attributes; the invitation for cooperation is in itself a social action. The organization of the people for the purpose of achieving a common objective aiming at the improvement of their status and conditions of life is a social action. The absence of privileges and equality of treatment are also social actions. Education which is one of the main principles of cooperation has a significant social value.

Different types of cooperative organizations play important roles in the field of economic and social development. Agricultural cooperatives in rural areas help the villagers economically and socially; they encourage them to accumulate their small savings to form small capital which can be invested in making use of agricultural technology and in buying seeds and fertilizers. Crop marketing societies offer the farmer fair prices. Credit societies relieve the farmers from the money lenders who are land owners or traders. Cooperative organizations also afford farmers the opportunity to

attend study circles that help them to know more about modern farming. This results in an increase of agricultural output and tends to improve both the farmer's income and the national economy.

Socially, agricultural cooperatives encourage the settlement of the villagers and tend to decrease the rate of crimes which result from fights over land and irrigation.

Consumer cooperatives, on the other hand, guaranteed the fair distribution of essential and scarce goods with fixed prices and consequently protect the low-income classes. They are also expected to pay, from their surplus a certain percentage for social services in their areas such as building of schools or health centres, etc. The light industries societies help the workers and artisans to obtain raw materials at reasonable prices. Similar economic and social benefits can be attributed to other types of cooperative societies which emerge according to the particular needs of the groups. All these benefits, as quoted one scholar, assert the fact that:

"Cooperation in principle is desirable socially and politically because it encourages a community to be self-reliant, thrifty, and ready to exchange individual interests for the greater good of the community." 11

Cooperation plays a great role in carrying out governmental social policies. It improves the abilities of the producers, whether workers or farmers to produce more; this will eventually result in improved living standards. The cooperative spirit is needed even in advanced capitalist countries. As one scholar puts it:

"A notable fact about the movement is that it has made a mark in the capitalist as well as communist system, it has become a major factor in the social policies of the mixed economies." 10/

The majority of the developing countries are opposing capitalism which stresses private ownership and gain, but not yet able to take the road of socialism which restricts private ownership. For such countries, cooperation is the mid-way between capitalism and socialism. Cooperation shares with socialism the theory of collective action which is needed to attain development.

The cooperative principles, as outlined and discussed before, help the cooperative organizations to achieve their objectives better than other organizations. In view of this fact, different governments of varying political and economic

Ideologies have tended to give cooperative organizations special attention and priority. Cooperation has come to be accepted as a method of improving the living conditions of the masses. Furthermore, the cooperative establishments in a large number of developed countries publish magazines embodying articles dealing with child care, nutrition and home decoration; lectures are also organized by such cooperative establishments. Some of the activities in Belgium, U.S.A. and Finland can perhaps be taken as an example of lectures and seminars. In Denmark there is a cooperative theatre which runs its shows in the rural areas. This reflects the special care given to the social aspects even in the developed countries.

5. Significance of Cooperation in Developing Countries.

If cooperation played and continues to play a significant role in so-called "Developed" countries, its role in so-called "Developing" countries should receive more emphasis and importance. This is in view of the fact that the living conditions of the people in most, if not all, of these developing countries leaves much to be desired, and this is achieved by way of improvement. Fortunately enough, the

\[\text{\textsuperscript{13}}\text{Wider Education and Child Care" in \textit{Journal of Commerce and Industry}, Vol. 18, May 1961, p.6 (in English).}\]
concept of cooperation is not new to these countries; traditional cooperation was there for a considerable period of time. Hence the introduction of modern cooperation was not a difficult task.

In the post-independence era, the national governments in the majority of these countries took the burden of nation building and socio-economic development. Both are difficult tasks to achieve because the withdrawal of the colonizers left an administrative gap which was to be filled by the natives who were not well educated and trained. The migration from rural to urban areas in most of these countries created heterogeneous groups in the new extensive of the existing towns. Besides, most of the under-developed countries are characterized by poor productive dependence on one cash crop, low income, bad distribution of income and scarcity of money needed to introduce new technology. All these created economic and social problems and "no government, however strong or determined can by itself solve all the economic and social problems... the participation of the people themselves is an essential ingredient for this".16/

To solve these problems, the governments in these countries need assistance from all the citizens. The cooperative movement is a popular movement and can contribute significantly in this respect. The nature of the cooperative organization makes it useful and able to play a leading role among the other formal organizations. Bringing the people together in one establishment to work for a common goal creates the feeling of unity and helps to break the barrier between the different ethnic groups. This will make understanding easier and will facilitate the communication of information and knowledge, which will help in minimizing differences and developing a sense of community responsibility.

After World War II, development became a first basic priority in most of the emerging countries; in one essential sense, development meant and continues to mean for most of these countries economic development, i.e., increase in national income and consequently, increase in personal income. No doubt, the involvement of the government is essential for the realization of the goals of economic development. But collaboration and participation of the people is also necessary. A collective spirit is always needed to achieve the objectives of social change and/or
modernization. However, it is to be noted that cooperation carries some of the philosophy and objectives of modernization. This is so because both cooperation and modernization consider man as the end of development. It is true that in the majority of cases cooperatives are created and developed for the realization of definite economic purposes, but it is also true that they are or should be concerned with social aspects. Cooperatives are supposed or at least expected to awaken interest in social and economic schemes necessary for the effective realization of social development. They can generate popular support for governmental social and economic development plans by explaining such plans to their members, and this may most likely facilitate the effective implementation of these plans.\(^5\)

In view of these facts, most of the developing countries have had the tendency to support the cooperative movement because "Cooperatives appeared to be the most practical way of modernizing rural economy without suffering a breakdown in community life and traditional social ties."\(^6\)

Cooperatives are considered to be effective instruments for solving rural problems. They can be utilized as means


for bridging the apparent economic gap between the villages and the industrial areas. Indeed and as one scholar puts it: "The 'Cooperative' ... is capable of adaptation to the needs and challenges of smaller social units such as 'African tribes and particular areas of the economy such as 'marketing' or 'credit.'"17/ Co-operatives are accepted by the rural population because the rural farmers in most of the developing countries tend to be somewhat suspicious of outside help and tend to have more trust in the local leadership. The productivity of the farmer can be improved by the union of the farmers who can, through joint shares, form a capital which they can use effectively. The small farmers or workers lack the guarantees which are needed by the lending commercial institutions and this makes it rather difficult for the farmers to borrow from such institutions. This makes the establishment and development of the thrift and credit cooperatives extremely necessary. Solid and viable cooperatives can play a significant role in the implementation of agrarian reform plans designed to develop the social and economic standard of living of the rural population.

17/ P.V. Chinchanser, Cooperation and the Dynamics of Change, Delhi, 1978.
One other important point to be taken into considera-
tion is that, cooperatives do not contrast with the dif-
ficult sectors of the economy, rather they are complementary
to them. Cooperative associations exist in the different
rackets of the economy. The activities of the agricultural
cooperatives cannot be isolated from the general plan of
the Ministry of Agriculture. Consumer cooperatives are
associated with commerce and trade.\textsuperscript{16} In view of this fact,
the point is always made that governments should afford the
cooperatives the opportunity to participate in the formulat-
ion of the national economic plans. Unfortunately, a great
number of the cooperatives in most of the developing coun-
tries have not been adequately developed to serve such purpose.
In the majority of cases cooperatives have been created in
a hasty manner. This has resulted in the prevalence of weak
and un-viable cooperatives. Such kind of cooperatives can
not be expected to participate effectively and this may hurt
the reputation of the cooperative movement in general. To
make the cooperatives able to play a significant role in the
formation and implementation of public policy plans or
programmes, the governments in these countries should aspire
to review the overall functioning of the cooperatives and to

\textsuperscript{16} Mustafa Farrat, "Relation of the Cooperative Structure
to Economic and Social Development" a Paper Presented at
Cooperative-Legislation Seminar held in the Cooperative
Development and Training Centre (CDTC), Sept., 1981, p.8
(in Arabic).
develop and retain adequate interest in effectively directing and controlling their activities without undermining their independent character.

6. The Significance of the Cooperative Movement in the Sudan

The Sudan is a developing country. It is characterized by poverty, low percentage of education and heavy reliance on agriculture. Its population is dispersed and there is an apparent shortage of labour.

Like other developing countries, the succeeding Sudanese national governments have been concerned with nation building and economic development. However, in attempting to achieve this goal, the Sudanese governments have inevitably been facing a number of problems. The resources are scarce and it has been difficult for the various Sudanese governments to extend their services in an adequate manner to the dispersed population. Most of the people in the Sudan are farmers depending on subsistence crops. The individual farmer cannot afford to buy equipment necessary for modern agriculture to increase production; even traditional farming needs a continuous supply of money. The poor farmers are depending on money lenders to provide them with the money necessary for preparation of land, irrigation and harvest. The money
lenders have had the tendency to ask for a high proportion of the expected product in return for their loans. This is what is known as (oil shell) which is an advance mortgage.

The agricultural cooperatives have been found to be instruments to fight such mortgage. The collected shares of the cooperatives are frequently utilized to enable the farmers to buy modern equipment. Farm equipment cooperatives which are the pioneers in the agricultural cooperation help in irrigating large areas. Mechanized harvesters help in solving the problem of labour shortage. Credit societies make borrowing from banks easier. Marketing cooperatives play an important role in getting a suitable price for the farmers' products. This will protect the income of the farmer and improve his social status and consequently encourage him to stick to the land. It will also make the supervision of the government easier; the government can supply the farmers with better seeds and fertilizers through their cooperatives and this will improve the economy. One scholar stated that: "Experience gained in some developing countries shows that cooperative farming increased productivity of land and labour considerably". Furthermore, [Mann, W.]: "Cooperative Development in the Democratic Republic of Sudan, Khartoum, Khartoum University Press, 1978, p. 39."
the settlement of the people and the satisfaction of their economic needs will facilitate the provision of social services such as building of schools and hospitals. Although agricultural cooperatives are considered to be the most important cooperatives, the activities of the other varied cooperatives are also important and are of considerable economic and social significance.

The flour mill cooperatives are also significant in the Sudanese economic development. They enable the members to buy modern mills to substitute for the traditional way of grinding in which the grain is crushed by stone and this is, of course, energy consuming and time wasting. The modern cooperative mills save time which is needed for other fields of production. The large mills supply the national market with the necessary flour and save hard currency for the country. Transportation cooperative societies have also significant economic effects. Small-industrial cooperatives fit quite well in the Sudan; they are not technologically complicated and simple individuals can make a living out of them; they do not cost the government hard currency and they tend to preserve the local culture and improve the skills of the workers.

The effects of urbanization on the development of the economic sector in the Sudan are also significant. The rapidly increasing rate of urbanization and the consequent migration of large numbers of people from the rural areas to the urban centres have led to a sizable increase in the rate of consumption. The increase in consumption has in turn led to a market situation where the supply of consumer goods has come to be far less than their demand. Consequently, people have come to face considerable difficulties in getting essential consumer goods at reasonable prices. The solution to such difficulties has been found to lie in the establishment and development of consumer cooperatives. These consumer cooperatives are designed to help in the distribution of scarce commodities, to exclude the middle-men and to fight the black market. Such activities on the part of consumer cooperatives are assumed to lead to better satisfaction of people's needs and consequently to more social and political stability.

The Sudanese governments, like the governments in the other developing countries, have recognized the importance of the cooperative sector in the process of economic development and its significance as an instrument for the promotion and implementation of policies and
programmes aimed at improving the living standards of
the people, particularly the low income groups.

In view of this, cooperatives, both in the Sudan
and other developing countries, have attracted and
continue to attract considerable governmental attention.
Such governmental attention is reflected by an increased
interest in the activities of cooperatives, an apparent
tendency to direct and supervise their performance and
a continued effort to develop and improve their overall
functioning.

7. Conclusion:

The preceding paragraphs of this chapter have
attempted to lay down a general theoretical framework
within which the cooperative experiment in the Sudan,
particularly in relation to consumer cooperatives can
meaningfully be examined and assessed. The important
points raised in these paragraphs amount to the following:-

First, the primary objective of cooperative work,
at least in ideal and/or theoretical terms, is to supplement
governmental action and to contribute to the development
of a better social order within which people's needs and
aspirations may be most adequately satisfied.
Secondly, in more specific terms cooperative work is designed and assumed to serve economic, social and political purposes. From an economic point of view, cooperative work is designed and assumed to be involved in such economic activities as building of capital through shares collected from the members and encouraging these members to have investment activities for the benefit of the members, and improving production through the use of modern technology and improvement of skills. From a social point of view, cooperative work is designed and assumed to help in minimizing social differences and in improving the living standards of the people. From a political point of view, cooperative work is designed and assumed to contribute to the effective fulfillment of such political ends as popular participation, public education and national consciousness.

Thirdly, although cooperative work is of considerable importance in both the 'developed' and 'developing' countries, its role in developing countries, committed as they are to the difficult task of nation-building and rapid socio-economic progress, is of particular significance.
CHAPTER TWO.

THE SUDANSE COOPERATIVE MOVEMENT IN HISTORICAL PERSPECTIVE.

An organised cooperative movement of a fairly large size was introduced in the Sudan, particularly in its northern part, approximately in the late thirties of the twentieth century. Prior to that time, cooperative practices in the Sudan were rather haphazard and considerably lacking in both organization and purpose. The early attempts were made in the Red Sea Area. The first attempt was initiated by a British District Commissioner as early as 1921 on the Khor Banks Cotton Estates.\(^1\) Another attempt was made in Toker in about 1927-1933 by the then Inspector of Agriculture and the District Commissioner of the area. The primary purpose of the attempt was to organize a series of credit societies.\(^2\) Both attempts failed as a result of some important considerations such as the absence of a feeling of belonging. No further genuine attempts were made. The colonial government was primarily preoccupied with the objective of preserving law and order at the expense of initiating and implementing effective socio-economic development programmes and policies. Under these

\(^{1}\) Car El Kahl, "Paper on Sudan Cooperative Movement with special emphasis on Agricultural Cooperation", Khartoum, Dept. of Cooperation, August, 1956.

circumstances, the people had to rely on themselves to
develop their areas and raise their living standards.
Furthermore, the initiation of the cooperative movement
in the Sudan came into being at a time when the national
movement in the Sudan started to grow in strength and
gain considerable popular support. This very fact added
a significant factor in the development and growth of the
cooperative movement in the Sudan.

Organised cooperative movement was essentially
initiated by the Sudanese people, although influences of
Egyptian cooperative practices were not totally absent.
The purpose of the movement was mainly economic. Most of
the cooperatives were agricultural cooperatives in which
the natives cooperated and paid shares for the purchase of
water pumps to irrigate their land. Some of the Sudanese
who were outside the country used to pay their shares
either to help their relatives or with the hope of settling
at home in the future. These agricultural cooperative
schemes were the pioneer. They were producing subsistence
crops.

However, with the rapid growth of the cooperative
movement some problems had arisen, consequently, the
colonial administration thought it was necessary for it
to interfere. Mr. Campbell who was an English expert in
cooperation was invited by the British administration to
study and assess the cooperative movement in the Sudan. Campbell started with the investigation of the Cooperative Pump Schemes on the Dongola Reach and suggested that cash crops, e.g. dates and citrus, must be introduced "to constitute a buffer against a period of bad prices for food products". He referred to seven societies for pump schemes in Khartoum North intended to follow the Dongola model and that there were societies for joint marketing of dates and others for wheat in Dongola. In the Blue Nile Province there was general need for credit societies. Thrift societies grew slowly. At Ed Dime there was a proposal to get a 12 inch mechanical pump. There was an attempt to form a transportation society at Kassala and another attempt for a farm and credit society but all the attempts failed.

Thus prior to the official start of the cooperative movement, the idea of cooperatives spreaded in the different parts of the country. Different types of cooperatives were known although most of them failed as a result of ignorance of the people. Also it is to be noted that the cooperative rules and principles (Rochdale Model) were not exactly followed. There was a high percentage of absentee shareholders who were not directly engaged in the cultivation of

\[\text{Ibid., p.6.}\]

\[\text{Ibid., pp.6-12.}\]
the irrigated land. In some cases the percentage of payment of dividend was higher than it ought to be. The share-holders received no interest at all for many years. 2/

Campbell, after inspection of the existing cooperatives, submitted a report and advised that "Two things are immediately necessary: an ordinance and a registrar". 5/ According to this report the first cooperative law was enacted in 1908 (The Cooperative Societies Ordinance No. 29 dated 15.1.1908). This ordinance was modelled on the law which was put by the Ministry of the British Colonies in 1946. This law was based on the classic British Indian model that was practiced in India in 1904. 2/ The law governed the different types of societies. It gave the registrar the authority of registration, audit, inspection, enquiry, arbitration, execution and liquidation.

After the ordinance was passed, a British Registrar, Mr. Wordsworth, was appointed. The registrar and his assistants formed the nucleus of the Cooperative Section attached to the Department of Economic and Trade. The staff of the Cooperative Section were carefully selected and trained. Over a short period of time, the Cooperative

5/ Ibid., p.7.
6/ Ibid., p.19.

movement expanded and the small section grew into a separate Department within the Ministry of Social Affairs.

Earlier, more attention was given to the agricultural cooperative societies; the first agricultural cooperative society was in (Hafiez Hisham). The history of consumer cooperative societies followed that of the agricultural cooperative societies. The first known consumer cooperative was (al Naha) society which started in the late forties with eighteen members and a capital of Ls. 300. The movement then spread in Khartoum and the other towns of the country. The number of consumer cooperatives rose to (69) in 1953. The expansion of the consumer cooperatives led to the formation of the Sudan Cooperative Union in 1953 which was the first wholesale cooperative society. The union involved itself in a large wholesale business which constituted a heavy burden for its funds and weakened its position until it was finally liquidated in 1958.

In 1951, a group of 23 cattle owners from the rural area of Khartoum formed a milk cooperative society. The society owned about 500 cattle and collected Ls. 6000 as starting capital. An area of 1,000 acres was granted on lease to the society and a long-term loan of Ls. 6,000 was

obtained to install a pumping plant for the irrigation of the diary farm. Shortly, however, the government stepped in and undertook responsibility for the supply of water to the tenant members.

During 1954/55 Cooperative Cotton Marketing Unions were combined for financing and marketing purposes. They were financed by the government. During 1956/57 there were five unions comprising (59) small and medium size schemes cultivating an area of over 7,000 acres.

Marketing and credit societies were started in Shendi area in 1950. Their main purpose was to fight "al Shail" advance mortgage. Also an experiment was carried out in the Beder and Shug between 1951/52 in accordance with which loans were given to members in four or five installments and were issued on the security of the estimated crops. However, despite the success that this type of societies met at first, they later failed and the farmers returned back to "al Shail" business. Important among the reasons for their failure were ignorance and lack of loyalty in the group, the mushroom of the societies and failures to supervise credit, and the inability to grasp the technical issues of marketing.2

The staff of the Cooperation Department helped the movement considerably. The number of the different cooperative societies rose from eight societies in 1948 to 451 societies in June 1958. There was no training institute for the staff. The senior officers took their training abroad. The juniors had internal and practical training arranged in collaboration with the Khartoum Technical Institute. Cooperative education was usually through discussions and study circles.\(^{10}\)

The national government declared more than once that it considered the cooperative movement as a device for economic, social and political development. But the first national government in its early years was faced with the deterioration of cotton prices which is the main cash crop; this adversely affected the national budget and consequently the young cooperative movement.\(^{11}\) Despite this, cooperation was always looked at as a good method to improve the conditions of the masses. In 1950 the national government asked the International Labour Office "to provide an expert to assist the government in the development of cooperatives".\(^{12}\)


Mr. R.H. Harper was provided and after four months he submitted a report in 1960.

During the first military regime (Aboud's Regime, November 1958-October 1964), the cooperative movement was administered by a Department of Cooperation attached to the Ministry of Commerce, Industry and Supply. At the head of the Department there was a commissioner who was also the Registrar of the Cooperative Societies. He was assisted by a deputy registrar, five inspectors, four assistant inspectors, eighteen cooperative officers and fifty-seven cooperative supervisors. The headquarters of the Cooperation Department was to plan for legislation, organization, finance and preparation of model by-laws for the different types of cooperatives. It directed the regional divisions. The first military regime encouraged the establishment and development of consumer cooperatives in the new residential and industrial areas and also encouraged the establishment of agricultural cooperative societies and fisheries. The Minister of Commerce, Industry and Supply during Aboud's Regime declared that they believe in the Coop. organizations as means of development and that cooperation was a tool to accumulate the material and administrative capabilities of the citizens and their training.

to develop their own areas. To put this policy in practice, priority was given to the cooperative schemes, when rainfed land was distributed in al Dull and al Hamnam area in 1959. There were thirteen societies which later rose up to forty six societies. The period between 1961/62 witnessed the birth of al Khadag Cooperative Union, at al Hadd District. Eleven cooperative societies were affiliated with the union; its capital was estimated to be 90,15,000. Its purpose was to supply petroleum products, spare parts and to market the crops of the area. The union was also expected to give attention to the social development of the area.

The wholesale cooperative society was established at the same period to fill the gap left after the liquidation of the Sudan Cooperative Union. It was engaged in importing consumer and production goods.

In September 1961, the cooperative movement was afforded the opportunity to utilize the Radio Station and the official newspaper of the government (Al Joma'a) for the purpose of publicizing its activities and programmes. The local government councils were also directed to give priority to the

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the requirements of the co-operatives and to grant them all facilities necessary for the effective performance of their activities. Furthermore, co-operative inspectors were to be appointed as members in the local councils. There was also a suggestion to form a co-operative bank and regional and central unions.\(^\text{12}\)

The military government was overthrown in October 1964 and a civil government took over. The new government separated the Department of Cooperation from the Ministry of Commerce and Industry and the first Ministry of Cooperation and Labour was formed in 1965.\(^\text{13}\) Support of the movement continued. However, the movement continued to face more difficult problems including lack of sufficient capital, lack of efficient management, illiteracy and inadequate transportation facilities.

The Fourth Popular Cooperative Conference which was held in March 1968 made a number of recommendations in the direction of improving and developing the co-operative movement. Important among these recommendations were the following:

1. Cooperation should be a main principle in the economic and social policy of the country and that should be provided for in the permanent constitution.
2. Establishment of a cooperative bank.

3. Private agricultural schemes to be replaced by agricultural cooperative societies.

4. The government should be asked to give the cooperative societies the right of monopolizing some essential consumption goods e.g. rice, tea, sugar etc.

5. The official and popular elements of the cooperative sector to be represented in the specialized regional and local committees.

6. Establishment of an institute for cooperative development and cooperative training.

The cooperative movement continued to grow slowly and steadily. The number of the cooperative societies was (325) in 1956 and rose up to (1646) in 1968, then fell down to (918) in 1969.20/ No new law was enacted and very few amendments were made since the Ordinance of 1948 was passed.

Nevisiri Military Regime took over power in May 1969. This marked a new phase in the development of the cooperative movement. The Cooperative Societies Law was changed more than once. The Department of Cooperation was separated


from the Ministry of Cooperation and Labour and became the Ministry of Cooperation and Rural Development. In 1975 an independent Ministry of Cooperation was established. In the first of February 1979 the Republican Resolution No. 50 cancelled the Ministry of Cooperation among other central ministries and according to resolution No. 51 which was issued in the same date the present Ministry of Cooperation Commerce and Supply was established. These changes have been accompanied by the establishment of regional cooperative unions and the establishment of the National Cooperative Union which is the apex organization and was created to lead the movement.

Legislative Development:

In 1970 it was thought that the 1946 Law lagged behind the fast development of the cooperative movement, so a new law was issued in 1973. It is to be noted that the 1973 law was adopted ever since the year 1970 when it was initially approved by the Revolutionary Military Council. But later the new law (which repealed the 1946 law) needed some amendments and a national committee was formed to consider this. The committee prepared a draft for a new cooperative law (1976 Law of Cooperation). This proposed law was approved by the Council of Ministers, but it was not submitted to the People's Assembly for discussion and was
not issued. The law of 1973 continued to be valid up to June 1982.

In general terms, the 1973 law carried the features of the 1945 law. However, it embodied some articles which catered for the new developments, such as the policy of the government towards the movement and the creation of the new cooperative structure. The new structure consists of four tiers following the pattern of the People’s local government system. That is to say, the primary society at the level of the village or town, the local cooperative union at the level of the region, the regional cooperative union at the level of the provinces, and the National Cooperative Union as the Apex Organization. The law defines the structure of the council of the National Cooperative Union and specifies its duties. The Council of the National Cooperative Union (NCU) consists of the popular and official cooperators. It has a consultative function. It has to preserve the unity of the movement and tie it with the other popular organizations. There was no mention of any business activity, but, in practice, it carries commercial business.

21/ NCU, Cooperation Committee “Cooperation in the Charters and Accomplishments of the Revolution”, Khartoum, June, 1978, A.Z.
The legislation:

The period before 1981 witnessed numerous changes that were not included in the 1973 law, such as the corporations that were transferred to the cooperative sector and the formation of the specialized cooperative corporations. The decentralization policy and the division of the Northern Provinces into five major regions with Regional Ministries of Cooperation affected the duties of the Central Ministry. Also there were some contradictions between the cooperative law and some other laws, so the need for a new cooperative law appeared to be urgent.

The committee that was formed to discuss the proposed law, submitted the draft of the 1981 law for discussion by the People's Assembly. The law was passed in the 3rd of June 1981. The name of the law is (Law of Cooperation of 1981). The name is considered too general and wide for the term "Cooperation" refers to different aspects of working together, not necessarily cooperative societies. In 1983 the law was given the name, "The Cooperative Societies Ordinance", which is more specific.

The 1973 law gave the Registrar the right to register a society with membership less than (90) but not less than (20) the new law did not put a minimum limit.

23/ Bashar Widat Alla, [Book], p.15.
The cooperative structure in accordance with the 1973 law consisted of four tiers which were considered as a burden on the movement; the new law added a fifth tier, i.e. new five unions to represent the five major regions.26/

The 1948 ordinance provided for the appointment of a Registrar with one deputy; the 1973 law provided for more than one deputy to the Registrar. The new law, on the other hand, provided for the appointment of a Registrar for each of the five Regions as well as a General Registrar. Each Regional Registrar has the same authority as the General Registrar. The relation between the Regional Registrars and the General Registrar is not clear.26/

The maximum subscription of the member in the 1948 law was 10% of the share capital; this was lowered to 5% in the 1973 law. In the new law it is made 10% which is considered to be reasonable.26/

In accordance with the provisions of the 1973 law, the movement was given certain privileges and was exempted from taxes. The new law, on the other hand, made the exemptions possible subject to the advice of the Minister of Co-operation and the approval of the Minister of Finance and National Economy.27/

26/ Ibid., Article 24.
26/ Ibid., Article 29.
27/ Ibid., Article 44.
28/ Ibid., Article 42.
The Present Size of the Movement:

The size of the cooperative movement increased remarkably in the last ten years. In 1970, the number of the different types of primary societies was 1,225 with a total membership of 366,113. In 1980, the number of the primary societies rose up to 4,068 with a total membership of 1,552,261. Most of the new cooperatives were consumer cooperatives. In 1975, the local and regional cooperative unions were twenty-five, eighteen of them were consumer cooperative unions. In 1980 this number jumped up to seventy-two regional and local unions, distributed among the Northern Provinces. Up to 1979, the central cooperative union was the apex body with which 17 local and regional unions were affiliated. That union was liquidated in 1977.

The number of the consumer cooperatives, on the other hand, increased remarkably during the period 1970-1980. Most of these consumer cooperatives were established in the urban areas. However, they started to spread in the rural areas as well.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Number Membership</th>
<th>Capital (LA)</th>
<th>Rent (LA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Cooperative Societies</td>
<td>4,868</td>
<td>11,841,734</td>
<td>3,21</td>
</tr>
<tr>
<td>Local Unions</td>
<td>60</td>
<td>1,403,331</td>
<td>12</td>
</tr>
<tr>
<td>Regional Unions</td>
<td>12</td>
<td>185,085</td>
<td>2</td>
</tr>
<tr>
<td>National Union</td>
<td>1</td>
<td>99,100</td>
<td></td>
</tr>
<tr>
<td>Gasira Tenant Cooperative Corporation (Gas Keburo)</td>
<td>1</td>
<td>228,014</td>
<td>2</td>
</tr>
<tr>
<td>Workers Central Cooperative Corporation</td>
<td>1</td>
<td>546</td>
<td></td>
</tr>
<tr>
<td>Tenant Cooperative Insurance Corporation</td>
<td>1</td>
<td>Primary Soc-</td>
<td></td>
</tr>
</tbody>
</table>

This is only in the 12 Northern Provinces.
It is to be noted that the fast growth of the number of the consumer cooperatives tended to increase the burden on the government which had inevitably come to employ more staff while the equipment necessary for field supervision were not available. However, such growth of the consumer cooperatives or cooperative shops as they are sometimes called has not reflected real interest of the people. An ILO expert had once described the consumer retail shops as being just "sugar-distributing centres".

To help the cooperative movement to improve its situation, some of the state commercial corporations have been shifted to the cooperative sector. The increase in the size of the cooperative sector has called for the need to establish a body at the top to supervise and direct the movement. Consequently, the National Coop Union was established in 1975 to serve this purpose.

All these developments took place at a time when effective cooperative education and enlightenment was considerably lacking. This led to a situation where most of the cooperatives were administered and led by people who were far from being fit or suitable for the job. Furthermore, the state commercial cooperatives which were incorporated into the cooperative sector were shifted back to the state on demonstration of their effectiveness. All of this testify the fact that none of the resolutions
concerning the cooperative movement are sometimes made without adequate study.

In concluding this chapter, one can fairly make the statement that the absence of a clearly defined policy concerning the cooperative sector has resulted in the prevalence of a big gap between what is expected of the cooperative sector and what it can actually achieve to mean for the Cooperative Department and its working staff. A great challenge in the direction of effectively directing and supervising the cooperative movement.
CHAPTER THREE
DEVELOPMENT OF CONSUMER COOPERATION IN THE SUDAN

My Consumer Cooperatives

The cooperative movement in the Sudan, as it has been mentioned before, started with agricultural cooperation. The percentage of the agricultural cooperatives was higher than the percentage of other types of cooperative societies. However, the last ten years witnessed a fast growth in the number of consumer cooperatives and a very slow progress in the agricultural cooperatives. This quick rise in the number of consumer cooperatives can be attributed to three factors. Firstly, the simple economic and social philosophy of cooperation in general and of consumer cooperation in particular. Secondly, the political and ideological factors. Thirdly, the economic situation and the search for a way to facilitate fair distribution of necessary goods.

To start with the first factor, cooperation has economic and social philosophy which aims at improving the economic status of the rural poor and strengthening the social ties between the members. Unlike the other philosophies, the cooperation philosophy and the cooperative rules are not complicated, and this brought it nearer to the understanding of the common man.
In the Sudan where the majority of people are illiterate, ignorant and underpaid, the objectives of consumer cooperatives are service oriented; profit is of secondary importance. The consumer cooperatives aspire to protect the low income groups of the workers in the urban areas and the peasants in the rural areas. They seek to free the peasants from the control of the private retailer who usually absconds their scarce money by selling them goods of low quality; they stabilize the prices and so the private retailer will find it difficult to sell at prices much higher than those of the consumer cooperatives. They also tend to fix and enforce reasonable prices, an action which is difficult even for the government because it needs to pay for a huge staff to control the prices. The policy of selling in cash only discourages people to be indebted and regulate their consumption habits. Also the members can get bonus which is not the case in the private business although cooperatives care more about services than bonus. Compared to the agricultural cooperatives, the consumer cooperatives can start with a small capital and their management is rather easier. So if these consumer cooperatives function as they are supposed to, they would, undoubtedly, help in improving the conditions of the lower social groups which are very essential for national development.
Political and Economic Factors

The successive National Governments in the Sudan ever since the early years of independence and up until the present time have exhibited tendencies of improving the cooperative movement as an essential means of improving and promoting the socio-economic conditions of the people. However, the degree of success marked by these governments in the direction of developing and sustaining the cooperative movement has tended to vary from one national government to the other depending upon the set of the ideological, political and socio-economic commitments which each of these governments has aspired to realize.

The May Revolution, in particular and since its first days, had announced socialism as its basic ideology and that it considered cooperation as a basic issue that needs to be given adequate attention. Among the key policy priorities of the May government has been the development of a healthy cooperative sector which would be able to play an effective economic role in the revolution era. Consequently, many resolutions and announcements were passed in favour of the cooperative movement. Such concern and attention to the cooperative movement were affirmed in the permanent Constitution

\[\text{Source: Sudan Cooperation Committee, "Cooperation in the Charters and Accomplishments of the Revolution", Khartoum, June 1975, p. 2.}\]
of the Sudan as well as in the Charter of National Action. In accordance with the provisions of Article 32 of Chapter 74 of the Sudan Permanent Constitution, the cooperative sector comes next to the public sector. It has been stated that,

"The Sudanese economy shall consist of the activities of the following sectors: The Public Sector: ... The Cooperative Sector which shall be based on the collective ownership by all members participating in cooperative societies. The State shall care for the cooperative societies and the law shall regulate their formation and management."  

In the charter of National Action (1970), the cooperative sector is considered to be a basic organizational tool of the economy. Its scope is not limited to production and consumption activities. The cooperative sector is also expected to contribute to the solution of the daily problems of the towns and rural areas.

The Sudanese Socialist Union (SSU), in its First National Conference, issued some recommendations in the direction of improving of the cooperative body and keeping it under control at its earlier stage, protecting the cooperative sector to afford it the chance to penetrate in the fields of development and services, sustaining its continuous development.

development to attract the people capabilities and savings; and encouraging the formation of cooperative societies all over the country.

So it is rather apparent that the movement in well taken care of in the Permanent Constitution, in the National Charter and by the (SSU) which is the sole political organization. President Nimeiry himself emphasised the role of cooperation in the national economy. He stated that there was a need to bolster up the cooperative sector so that it could have an important role to play in public as well as private investment. This role, in his view, would constitute an economic base or foundation on which the revolutionary society might be built. 2

Other official bodies emphasised the role of the cooperative sector in development. The Agency of National Planning advised that rural development should be through the cooperative action to attain the required balance. The agency also recommended that the movement should be represented in all the political and administrative organs at all levels aiming at widening opportunities for people's participation.

It was also stated in the People's Local Government Act of 1971 that the cooperative societies form one of the five

popular organizations of the revolution; the others are, the Sudan Youth Union, Rural Development Committees, Women Union and the Parents’ Councils. The cooperative movement is also represented in the People’s National Assembly as five seats are allocated for it in the National Assembly. It is also represented in the executive popular councils of the provinces by one member representing the Regional Cooperative Union in the province. Also, five members have been nominated to represent the movement in the specialized committees of the SNU.

Such attention and importance given to the cooperative movement have tended to encourage some “opportunist” to join the already existing cooperatives or seek to encourage the establishment of cooperatives in their areas as a means of political power. In fact, President Numeiry considered the cooperative movement as a political body for the support of the May Revolution. In fact the movement is designed to play an important political and popular role to consolidate the principles of the revolution among the cooperatives’ members and the people in general, aiming to create cooperative cadres in both the popular and official sectors to carry out the ideology of the revolution. The Cooperation Committee of the SNU is supposed to help in this respect.

2/ SNU Cooperation Committee (Original) p. 31
Such involvement in politics on the part of the co-operative societies which, in fact, developed at political unity, has tended to affect the main duties of the movement. Some considered them as basic means/handicraft their opportunities of being selected to higher executive or political bodies. As a result of this, the number of the consumer societies multiplied and it became common to find two societies, carrying the same business very close to each other, sometimes just few meters apart. This is mostly found in the rural and in the working areas.

The economic situation and the role of consumer co-operatives in distributing scarce consumption goods

The Sahel, much like most of the developing countries, suffers from low productivity, small real income, low rate of investment and shortage of capital necessary for investment in the different important fields. In addition to this, faulty planning has frequently led to persistent deficit in the national plans. The failure of the successive national governments to carry out a successful agrarian reform has led most people to desert farming. The tendency towards developing industrialization has continued to attract the rural people to towns where most of the factories are located. Besides, the rural area have in most cases become unbearable as the backward
situation in which the villages live continued to deteriorate steadily. The very high prices have tended to absorb the scarce incomes of the villagers and most of the rural people failed to make a living in their areas. All of this has consequently tended to encourage internal migration which created a heavy pressure on the existing towns and on some necessary services such as water supply, health care, education and consumption goods. Demand for consumption goods has tended to become higher than the supply and the government, for financial reasons, has failed to solve these problems. All these developments have led to social and economic problems; the prices of the essential goods have increased remarkably; the black market has flourished. Consequently, the lower classes have continued to be adversely affected. So, consumer cooperatives have been looked at as one possible solution or a method to lighten the burden of the poor. In fact, they helped a lot and supplemented the services of the government in the remote areas and were considered to be more reliable than the private retailer in this respect. All of this has encouraged the imitation of a lot of consumer cooperatives in a short period. Some of these consumer cooperatives, established in different locations, carried and are still carrying their jobs satisfactorily, this appears to be more true in the case of some of the successful rural consumer cooperatives which have tended to...
save the time of their members who used to buy all their needs from the nearest town. However, some others failed even to offer the minimum services. The hasty formation of consumer cooperatives resulted in small and weak cooperatives. Their small capital and mismanagement have continued to hinder them from making use of the privileges of bulk purchases which has later led their expenditures to be more than their incomes a situation which may ultimately lead to their collapse. Unfortunately the number of the weak cooperatives is markedly large.

Growth and Development of Consumer Cooperatives

Before 1970 the growth of consumer cooperatives was relatively parallel to the growth of the other types of cooperatives. But after 1970, the growth of consumer cooperatives outpaced the growth of the other kinds of cooperatives. The increase in the percentage of the consumer cooperatives has to a large extent been the result of the decrease in the percentage of the agricultural cooperatives. The latter are currently suffering from lack of fuel, fertilizers and spare parts together with the absence of statistical information about the areas of the agricultural cooperatives, their membership or their capital.

Table 2 shows that up to 1970, the number of agricultural cooperatives was larger than that of the consumer cooperatives. The statistics of 1975 shows the fast growth of consumer cooperatives and an apparent decline in the number of marketing and credit societies which are considered as part of the agricultural field. This decline of the agricultural cooperatives is due to the deterioration in agriculture and production in general. However, such unplanned growth in consumer cooperatives is apparent in the different provinces without exception.

---

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Marketing</th>
<th>General</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>36</td>
<td>75</td>
<td>96</td>
<td>45</td>
</tr>
<tr>
<td>1961</td>
<td>161</td>
<td>104</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>1970</td>
<td>206</td>
<td>307</td>
<td>108</td>
<td>173</td>
</tr>
<tr>
<td>1972</td>
<td>1308</td>
<td>350</td>
<td>51</td>
<td>465</td>
</tr>
<tr>
<td>1980</td>
<td>3821</td>
<td>204</td>
<td>39</td>
<td>466</td>
</tr>
</tbody>
</table>

---

Societies registered as multi-purpose after 1975 are just consumer cooperatives serving one purpose but they can involve themselves in another activity without any new procedures or re-registration.

10/ Mahasin Khidir, Credit, pp. 156-157
11/ Sarah E. Adam Credit, p. 54 table II
In 1950 the number of consumer cooperatives and multi-purpose cooperatives, which are actually consumers, rose up to 3637; in 1970 there were only 379 consumer cooperatives and multi-purpose cooperatives (see table 3 and 2). The percentage of increase is 87.34.

Growth of Consumers in Khartoum Province

Khartoum Province has a central geographical position. The three towns of Omdurman, Khartoum and Khartoum North form the triangular capital. Khartoum is the official capital. The three towns and their new extensions have a high population density. Most of the people work in the public service and in industrial and commercial undertakings.

Khartoum Province has the highest percentage of consumer cooperatives distributed in both urban and rural areas (see table 3). If we trace the growth of consumer cooperatives in Khartoum Province since 1970, we will find that in 1970 there were only forty-one consumer cooperatives.

In 1973, the number of consumer cooperatives rose up to 632. In 1980 their number increased again to reach 941. In 1982, the total number of consumer cooperatives rose up to 1154. The above mentioned cooperatives are primary societies (small cooperative shops).
<table>
<thead>
<tr>
<th>Province</th>
<th>Cooperator</th>
<th>Number of</th>
<th>Number of</th>
<th>Share</th>
<th>Capital</th>
<th>Membership</th>
<th>Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khartoum</td>
<td>257</td>
<td>25.8</td>
<td>258,792</td>
<td>39.6</td>
<td>2,066,760</td>
<td>50.4</td>
<td>34</td>
</tr>
<tr>
<td>Northern</td>
<td>201</td>
<td>5.4</td>
<td>39,809</td>
<td>4.4</td>
<td>485,526</td>
<td>5.4</td>
<td>11</td>
</tr>
<tr>
<td>Blue Nile</td>
<td>300</td>
<td>5.1</td>
<td>34,743</td>
<td>4.1</td>
<td>353,866</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>White Nile</td>
<td>100</td>
<td>5.1</td>
<td>37,271</td>
<td>4.4</td>
<td>309,777</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Gezira</td>
<td>409</td>
<td>13.6</td>
<td>103,869</td>
<td>13.6</td>
<td>338,786</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>North Kordofan</td>
<td>324</td>
<td>3.5</td>
<td>55,046</td>
<td>6.5</td>
<td>313,546</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>South Kordofan</td>
<td>127</td>
<td>3.4</td>
<td>32,181</td>
<td>3.7</td>
<td>172,686</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>North Darfur</td>
<td>382</td>
<td>17.1</td>
<td>189,260</td>
<td>28.1</td>
<td>566,081</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2587</td>
<td>100</td>
<td>873,062</td>
<td>100</td>
<td>3,990,798</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
There are three local unions (wholesale societies) in Khartoum Province, one in each of the three towns; they are established by the primary cooperatives to replace the private wholesaler and are supplied with consumer goods. The unions deal only with trading matters; they do not perform any sort of supervision over their members. All unions are located in the urban areas and have no stores in the rural areas and do not own any means of transport for delivery of goods to their members. They frequently use private means of transport, which have tended to weaken control over the delivery of stock.

The three unions deal with about twenty-five kinds of goods. They buy goods from the regional union of Khartoum Province, which was registered in 1976. The regional union is the link between the three local unions and the Sudanese National Cooperative Union (SNCU). The regional union is the apex wholesale organization in Khartoum Province. Table 4 shows capital, reserve and turnover of the three local unions and the regional union of Khartoum Province.
Table 4

Capital, Reserve and Turnover of the three
Local Unions and the Regional Union of
Khartoum Province 24/

<table>
<thead>
<tr>
<th>Name of Union</th>
<th>Capital (LE)</th>
<th>Reserve (LE)</th>
<th>Turnover (LE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omdurman Local Union</td>
<td>24725</td>
<td>23726</td>
<td>352,592</td>
</tr>
<tr>
<td>Khartoum Local Union</td>
<td>31374</td>
<td>13269</td>
<td>677923</td>
</tr>
<tr>
<td>Khartoum North Local</td>
<td>22076</td>
<td>19396</td>
<td>3755390</td>
</tr>
<tr>
<td>Union</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Union of</td>
<td>7990</td>
<td>28643</td>
<td>1,772,420</td>
</tr>
<tr>
<td>Khartoum Province</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Another consumer cooperative body is the Central Workers Cooperative Corporation which was established in 1973; it is a wholesale society and its membership consists of the consumer cooperatives of the industrial and working area. Its starting capital was 200,000 Sudanese Pounds; it has branches in the different provinces of the Sudan and it is affiliated with the SAU.

It is to be noted that most of the consumers have been concentrated on the urban areas. Recently, however, a large number of consumer cooperatives are established in the rural area. In 1982, there were (505) registered consumer cooperatives in the rural areas compared to (156) in 1978.

In the urban areas there are at present (1978) consumer cooperatives compared to (297) in 1978. This is more clear in Omdurman and Khartoum North (see table 5). In the rural area this is attributed to the fact that different villages prefer separate cooperatives even if they are close together. Sometimes one homogeneous group, which can have one successful cooperative, split into two cooperatives either because of apparent differences or because they want to get the largest possible amount of the rationed goods e.g., sugar and kerosene. In the urban areas this tendency appears in the new extensions. An example of this is Farahdi area which had eighteen consumer cooperative societies in 1978 and which rose up to fifty nine cooperative societies in 1980. The old residential urban areas almost have the same number of societies.

Table 5
Growth of consumer cooperatives in rural and urban areas of Khartoum Province

<table>
<thead>
<tr>
<th>Year</th>
<th>Khartoum</th>
<th>Omdurman</th>
<th>Khartoum North</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Urban</td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>1978/79</td>
<td>121</td>
<td>30</td>
<td>102</td>
</tr>
<tr>
<td>1979/80</td>
<td>155</td>
<td>45</td>
<td>144</td>
</tr>
<tr>
<td>1980/81</td>
<td>126</td>
<td>47</td>
<td>151</td>
</tr>
</tbody>
</table>

- Some rural areas in Khartoum are at present considered as parts of the urban area.
Operational aspects of consumer cooperatives in Khartoum Province

The goods which are distributed by the primary consumer cooperatives in Khartoum Province are normally obtained from the local consumer cooperative unions. These goods are allocated to the movement by the government or imported by the regional union through the commercial corporation or the National Cooperative Union. In some cases, the primary cooperative society obtains its goods from the private wholesaler. The primary cooperative provides its members as well as non-members with the essential goods at reasonable prices. It keeps accounts and records of its purchases and sales which are subject to control and annual audit.

The administrative framework of the consumer cooperative

To perform such activity, a management committee is elected by the members' general meeting to undertake responsibility for the administration of the business of the cooperative. The general meeting of the members, the management committee and the manager, together form the administrative body of the consumer cooperative. The manager is selected by the management committee.

The general meeting, according to the law and rules of the cooperative movement in the supreme authority. It elects a board or a committee to manage the affairs of the cooperative society because the general meeting though it
has the supreme authority, cannot manage or control the
day-to-day business. The general meeting also decides upon
important matters such as amendments of the by-laws and
percentage of interest on savings of the members. It also
decides the maximum amount of money that the cooperative can
borrow and discusses the annual accounts. The active
participation of the members is vital to the success of the
cooperative.

The elected committee according to the rules, has


certain responsibilities. Important among these are the


following (a) the committee, together with the secretary and
treasurer, is responsible for all the cash received and paid
out by the society, in practice, the secretary and treasurer
are members of the board, this indicates that the board is
involved in the details of the business at the expense of
policy making and control (b) the management committee is
to register the names of the share holders and to supervise
the use of the loans (c) The committee is supposed to take
care of all the purchase and sales and it is responsible
for book keeping and the proper use of the financial forms.

It is to be noted in this respect that, there are four
important financial forms to be used by all the consumer
cooperatives, the first one is cooperative form No. (5)
which is a document for all the revenues including the
charges paid by the members as contribution to the capital;
it is simple and practical. The secretary who is also a member of the management committee signs the form, keeps the copy and gives the original to the member (see app.1). The second form is form No. (6) which is used for the expenditure on different goods and services (app.2). Cooperative form No. (4) is for keeping record of revenue and expenditure. The fourth form is form No. (12) which shows the amount of goods that entered the shop. It is to be signed by the shop manager, the secretary and a member of the purchasing committee to ensure that the shop manager received all the goods in the bill. The form also helps in preparing sales account.

The shopkeeper (manager) is the third administrative body in the consumer cooperative. He is appointed by the management committee. In some of the societies, where the management committee is inactive, the shopkeeper is a dominant figure; he controls the whole society, does the purchasing, delivers the goods, sells them and keeps the cash for the next purchasing, he is also the one to decide the quantity of goods. In some other societies, the management committee is acting as the shopkeeper, controlling the whole business and keeping the records. The shopkeeper is answerable to the management committee which is answerable to the general meeting.
Role Performance of Consumer Cooperatives

To see what activity the cooperative society performs and how the administrative body of the consumer cooperative in Khartoum Province performs such activity, the writer visited some societies in the three towns and interviewed some members of the management committees. In some cases, the interview was run with the shopkeeper. Twenty-three cooperatives have been interviewed, eleven of them in the rural area, six in the residential urban area and the last six in the industrial area. The interview covers about ten important activities. These include the following:

Selling:

In sixteen of the interviewed cooperatives the selling is done by paid shopkeepers. In the other seven cooperatives, the selling is done by the management committee (board of directors). This is done either collectively or by one member of the board. In the latter case, the member is paid as a shopkeeper (this is found in two societies in the rural areas). In the cooperatives of the industrial and working area, where the members are all employees of the same factory or ministry, the member of the committee who acts as a shopkeeper is either given an incentive or is considered to be on commission and thus given overtime allowance for his work in the cooperative society. The shopkeepers who are not members of the board are required to sign contracts as security against possible dishonesty.
Purchasing:

Buying of goods is perhaps the most important function of the consumer cooperative. However, this is not given proper attention in most of the societies. Ten cooperatives have no purchasing committees, this constitute 41%, some of the other thirteen societies have inactive committees or just one member who does the whole purchasing. Where there is no purchasing committee, the shopkeeper chooses the cooperative shop and goes hunting for goods. In the rural area 55% of the cooperatives have no purchasing committee. In the industrial area, 30% have no purchasing committee.

Assortment:

Assortment is determined by the purchasing committee, but in the societies where there is no such committee, the shopkeeper determines the assortment and the quantity. It is determined according to members and customers' requirements and on the purchasing power and buying habits. The assortment is almost the same in all the cooperatives, all shops have staple goods, i.e. goods of regular demand such as sugar, salt, lentils, rice, powder milk, soap, cooking oil etc. These articles cover about 85% of the total number of articles and give small trade margin. The rural cooperatives have two or three more items for annual food, the supplementary goods as spices and biscuits which give a higher trade margin are not taken care of in most of
the cooperative shops. All the societies sell at the market price.

Transportion:

All societies do not own any means of transportation; even the wholesale cooperative societies do not deliver goods to their members. The primary societies use private means of transportation, and since most of the cooperatives have small capitals and have no stores and the selling area of each shop is small, they usually buy small quantities irregularly which makes transportation costly and deprive them from the benefit of bulk purchasing.

Arrval Control:

This is very weak in most of the societies. The check of arrivals is the job of the shopkeeper who receives the goods and signs the financial cooperative form No. 12. But 50% of the societies do not use such form. So, the weak control of the arrivals and the absence of checks on quantity and quality have frequently led to unnecessary losses and have resulted in a high percentage of leakage.

Stocktaking:

The stock is the biggest asset in the balance sheet, and it is certainly rather important to check the stock of the cooperative retail shop every month. But this interview has revealed that nineteen societies count their goods physically only for auditing, which is once a year. In some
cases, this is done once every two years. This constitutes about 2%. The other societies which care about stocktaking usually do that every three or six months.

Management Committee:

The management committee of each society, which is sometimes referred to as the board of directors, consists of ten elected members. Most of them have no previous experience and tend to work without a plan. Most of the committees do not know their main functions. About 30% of them hold their meetings irregularly and by chance whenever they meet, and they seldom write the minutes. In the other 50%, the committees hold their meetings almost every three months and record the minutes of the meetings. But the three leaders of the committee who are the chairman, the secretary, and the treasurer, are the only active members. It is astonishing to know that some of the committees of the rural cooperatives are completely illiterate, none of their members read or write, even the shopkeeper is illiterate. They just keep the bills to be checked by the cooperative officer for annual audit.

Financial forms:

As a result of ignorance of most of the management committees, the financial forms which are necessary for control are not used. This is found in both rural and urban cooperatives; it is found that only 13% of the
cooperatives use all the necessary financial forms, 30% of them are not using any form, and 22% of them use only one form which is No. (2).

Members Participating:

Attendance of the annual general meetings, which discuss the annual account and elect the new management committee, is very poor compared to the total membership. Sometimes, no meetings are held at all (see table No. 3).

<table>
<thead>
<tr>
<th>Society Location</th>
<th>Attendance</th>
<th>Total Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 rural</td>
<td>85</td>
<td>329</td>
</tr>
<tr>
<td>2 rural</td>
<td>98</td>
<td>307</td>
</tr>
<tr>
<td>3 rural</td>
<td>117</td>
<td>600</td>
</tr>
<tr>
<td>4 urban</td>
<td>144</td>
<td>665</td>
</tr>
<tr>
<td>5 urban</td>
<td>No meeting was held for 2 years</td>
<td></td>
</tr>
<tr>
<td>6 rural</td>
<td>No general meeting was held for 4 years</td>
<td></td>
</tr>
<tr>
<td>7 rural</td>
<td>No general meeting was held for 3 years</td>
<td></td>
</tr>
</tbody>
</table>

This is attributed either to poor advertisement or passiveness on the part of the members.

Inspection:

In most of the consumer cooperative societies, the cooperative officer is seen once a year, usually at the time of annual audit. The interview has revealed that all the
cooperative societies operate their shops in the same manner. All of them are primarily involved in consumption activity except for two cooperatives in the rural area which have a bakery and a mill, and one in the urban area which has a bakery. The assortment of goods and layout are the same; all provide counter service; their complaints are similar. Some of their problems include shortage of capital, scarcity of goods, lack of organized supply, poor management, lack of long term planning, dishonesty, disloyalty and illiteracy of members.

Staffing of the Consumer Cooperatives in Khartoum Province:

The staffing of the consumer cooperative is a crucial factor in its overall success. The primary consumer cooperative has usually a small staff consisting of the board of directors (unpaid staff) and one shopkeeper referred to as the manager who is normally recruited from the same locality. The average salary of the shopkeeper in the rural and urban cooperatives is LD (75) and (LD 94) respectively. When the society is small, financially weak and its operations are simple, the society tends to depend on the voluntary service of the management committee.

The cooperative wholesale societies (local unions) have relatively a larger staff. All of them have a cooperative officer on secondment to help in keeping records and accounts. The board of directors acts as policy maker.
and manager; it appoints and dismisses the staff and carries the commercial business. In other words, there is no delegation of responsibility; the staff is just an assistent body. The Board of Directors usually seeks to keep its authoritative position. This situation has tended to hinder the development of a professional management which is a necessary condition for effective management of complex operations.

Problems of Consumer Cooperatives:

All consumer cooperatives in Khartoum Province have some problems both in the managerial and the commercial sides.

On the managerial side, the committee members are usually elected in view of their popularity, or because they are the only literate people. They do not know how to manage the society according to the basic rules and principles of cooperation; they do not know even how to keep books and records properly, or do not care to use them since things are going easy. Another problem is that, the ignorance of some of the members of the management committee of their being busy with their own affairs, gives chance to few persons, or perhaps one, to control the whole activities of the cooperative without being checked. 17 The passiveness of the members is one of the main causes of commercial and

17 Salma El Jazz, "Management of the Consumer Cooperatives in the Sudan," Dip in Public Administration, University of Khartoum 1980, p. 44.
managerial problems. As a result of the indifference of the members, the election of the new management committee is done by a minority and hence such committee is usually far from being representative. All of the above mentioned problems, give chance to the unqualified or dishonest to be re-elected for five or six consecutive years. In some other cases, racial and political differences are evident in the general meeting and they tend to affect the election's result. Also as a result of the passiveness of the members, the cooperative society does not make a good surplus. A great portion of the members tend to show lack of interest in the cooperative shop. Many of them buy in credit from the private retailer. This affects the cooperative society economically since the wage of a qualified shopkeeper is rather costly. The alternative left for the cooperative is to have an unqualified shopkeeper, compared to the private retailer who manages his business efficiently.

On the commercial side, the variety and quantity of goods obtained from the local unions is not sufficient. So, the cooperative societies sometimes get goods from the private wholesaler. The cooperative usually use private transportation which is expensive and which adds to the prices. Besides, they are not reliable. The distribution of the goods is not made according to the consumption habits, e.g., some societies get items that are not needed in their area.
or more than the real need and sell them in another area at a black market price. Another problem is the high percentage of leakage as a result of bad handling of goods or negligence of stock control. The primary cooperatives have no direct access to the manufacturers or producers, and there is no cooperation or coordination with the other cooperative bodies. The goods pass through three cooperative wholesalers before they reach the primary cooperative. This tends to increase the selling price of the article or to result in a small trade margin for the society. Such problems affect both the social and economic purposes of the consumer cooperatives.
CHAPTER FOUR.
ROLE OF THE DEPARTMENT OF COOPERATION.

The Relationship between the State and the Cooperative Movement

The relationship between the state and the cooperative movement is influenced by many factors. Important among these factors is the type of political and economic philosophy of the state. This is so because it is, in fact, the political and economic philosophy of the state which is the most significant factor in determining the role and objectives of the cooperative movement and in defining the range and scope of its activities and functions. For instance, under situations where the state seems to be committed to a philosophy of individualism, the cooperative movement, if it exists at all, can hardly seek association with or expect assistance from the state. This resembles a situation of what may be called a 'classical' cooperative movement where a pattern of isolation tends to characterize the relationship between the state and the cooperative organizations. On the other hand, under situations where the state is committed to a welfare philosophy, the state usually desires to develop and maintain close association with the cooperative movement, and consequently, the cooperative movement not only expects but also seeks
continuous assistance from the state. 1/

The national and regional plans of many of the developing countries embody comprehensive programmes of cooperative development. Consequently, the state's association with the cooperative sector has become very close. The state entrusts the cooperatives with some important responsibilities such as the distribution of scarce essential goods which is undertaken by consumer cooperatives. However, enthusiastic cooperators tend to fear that such close association between the state and the cooperative movement may deprive the movement from its basic principles such as voluntarism and self-reliance and warn that government assistance should not be at the expense of cooperative autonomy.

The extent of government assistance differs from one country to another. Sometimes it is passive assistance where the government does not oppose the movement but offers no services as it is the case in some Western countries like Finland and Germany. The government sometimes offers basic services as it is the case in Egypt. In such cases the cooperative department is usually small and it caters for registration, arbitration and dissolution. But the governments of most of the developing countries offer positive assistance and set special departments for that. In this

latter case, the cooperative department, besides its
regularly functions, cares for supervision, promotion
and development of the cooperative movement. This shows
that these governments are convinced that the cooperative
movement, as a cooperative expert puts it, serves the
objectives of socio-economic development and helps to
set up a new social structure. 2

Reasons for Establishing a Governmental Department to
Administrative and Supervising the Cooperative Movement

Although the cooperative movement emerged in most of
the developing countries as a movement by the people for
the people, a lot of justifications have been made for
having an official body to lead and direct the cooperative
movement in these countries. First, the cooperative
society is, in most cases, an association of poor people
who unite together to satisfy an economic or social need
that cannot be satisfied individually. These people are
mostly rural, illiterate, with low incomes, and having
neither a precise or clear idea of the principles of
cooperation nor local leaders to guide them. These
reasons make the official fostering of cooperation,
especially in rural areas inevitable. Secondly, the
cooperative movement is financially weak and is not in a
position to attract qualified personnel, as the state's

financial assistance and the appointment of official staff are both necessary. In my opinion, however, they are not sufficient conditions for the promotion of the cooperative movement. The aim of such assistance on the part of the state should not be one of destroying the autonomy of the cooperative organizations or interfering in their democratic control. Thirdly, the government gives the movement the legal recognition and helps to prevent the possible misuse of privileges.

Although the state's assistance is undoubtedly needed, there are some drawbacks. First, governments in the developing countries tend to depend on the cooperatives to implement national plans and this is often beyond the financial and administrative capabilities of the cooperative movement. Sometimes, however, in order to help the cooperatives to carry such plans, the government appoints its departmental employees to run the cooperative societies — a situation which makes the cooperatives an arm of the state and leads to the indifference or passivity of members.

Secondly, one of the main duties of the Department of Cooperation is the education of the membership to stimulate the development of non-official leadership. But this is neglected because the department is often preoccupied with regulatory functions and managerial problems. Thirdly, the department itself may not be independent; it may be subjected
to outside or political influence. Fourthly, if the department is a part of a large ministry, the minister may not find adequate time for cooperative policy or Programing and the Registrar may lack the necessary experience.\[\] Despite these problems, the help of the state is indispensable in the developing countries. In a seminar held in Sweden (May 1st-June 15th, 1970) the Participants of fourteen African countries including the Sudan were convinced that the cooperative movement would always need the guidance and assistance of the government, and that without such assistance the cooperative movement would collapse.

**The role of the Department of Cooperation in the Sudan**

The Government of the Sudan, much like some other African countries, looks after the cooperative movement, enacts laws that organize and regulate it, and recruits officers to help in its development. Before 1942, the cooperative movement in the Sudan was spontaneous. There was no governmental body to supervise it and no legislative framework to organize it. The need for establishing a governmental institution to guide and direct the cooperative movement was felt even before the attainment of independence.

According to a recommendation embodied in a report which was submitted by Campbell in 1946, a government department headed by a Registrar was established to direct and supervise the movement. The colonial government was not depending on the cooperatives to participate in the implementation of national plans; the cooperatives were mainly to improve the status of their members. After independence, however, the national governments took special interest in the cooperative movement and tried to activate it to help in the implementation of national plans. With the expansion and development of the cooperative movement the department gradually expanded till it became a separate ministry in 1975. Then it was amalgamated with the Ministry of Commerce and it became a department within the Ministry of Cooperation, Commerce and Supply in 1979.

The Department of Cooperation undertakes, besides the regulatory functions, the responsibility for the supervision of cooperative organizations and societies and for the enlightenment of the members. Its main responsibilities include registration, audit, inspection, arbitration, dissolution, planning and policy making, education and training.
The Structure and Functions of the Department of Cooperative:

The department structure consists of a Director General of the Cooperative Sector as the head of the department. The Director General is assisted by four main Directorates: a) Planning and Programming, b) International Relations and Official and non-official training, c) Enlightenment and Guidance, d) Audit and Inspection. These Directorates are further subdivided into various sections. There are also a number of Regional Offices, three of them are located in the three towns, each office is headed by a Senior Cooperative Inspector. (See Organizational Chart, Page 79).

The duty of the Director General is to draw policies and programmes and to follow up their execution. He undertakes responsibility for supervising the application of the law of cooperation and for acting as an arbitrator. He is also responsible for ensuring coordination between the cooperative sector and the private sector and also between the cooperative sector and the public sector. He represents the cooperative sector at national and international levels.
The Present Structure of the Cooperation Sector

Ministry of Cooperatives, Commerce and Supply.

Director General of the Cooperative Sector

- Enlightenment & Guidance
- Audit and Inspection
- International Relations and Official & non-official training
- Planning and Programming
- Registration Section
- Financial Analysis & Organization of Accounts
- Follow up
- Finance Planning
- Staffing, studies and

Cooperative Services
- Consumer Cooperatives
- Production Cooperatives

- Official and non-official Training
- Archives and Regional Organizations
- Canadian Cooperation
- European Cooperation
- Arab and African Cooperation
Registration:

The Director General is supposed to be the Registrar of the Cooperative Societies. Registration gives the society the legal personality and the right to sue and be sued. Registration also means that cooperative societies are obliged to keep proper books of accounts, and without registration, the cooperative society will not be allowed to buy goods from the cooperative wholesale organizations or to handle any kind of business with them. Furthermore, registration is a regulatory function and is recognized to be the authority of the state exercised on its behalf by the Director General of the Cooperative Sector. The Director General usually delegates the registration authority to the Registration Section which is headed by an experienced Senior Cooperative Inspector who acts as a Registrar and remains responsible to the Director General. The Registrar is assisted by a legal advisor. The Registrar has to check registration applications before he issues registration certificates. He is empowered to investigate, authorize or liquidate the registration of cooperative societies. He may call for a general meeting to be convened for the discussion of any urgent matters.

Before the implementation of the decentralization policy, registration was central and there was only one Registrar. But after the passage of the Regional Government Act in...
1980, and in accordance with the provisions of the Law of Cooperation of 1981, a Registrar has been appointed for each region. These Registrars are semi-independent in the sense that the General Registrar has no direct authority over them. However, the Regional Registrars cannot send the registration certificates to the Gazette except through the General Registrar.

Planning and Programming Directorate:

The Directorate consists of five sections which include research, statistics, planning, finance and follow up. It has twenty-five employees; approximately 50% of this number is on assignment or on scholarship. So, the Directorate is understaffed and three of its sections are not functioning. The duties of this Directorate include the following:

a) Guidance of human and material resources for the realization of cooperative development,
b) Definition of the economic and social aims of the cooperative movement and its role in national development,
c) Search for financial resources both nationally and internationally.

International Relations Directorate:

This Directorate consists of six sections, three of which are not functioning. It has eleven employees. The Directorate undertakes the responsibility for training of
official and non-official sectors. In addition to this, it undertakes the following duties and responsibilities:

a) Representation of the cooperative sector in regional and international conferences.

b) Arrangement of regional and international cooperative conferences and study circles that are to be held in the Sudan.

c) Report on the programmes of international organizations.

d) Selection and evaluation of the experts who work with the cooperative sector.

Audit and Inspection

Audit and inspection are the principal forms of control. Financial audit is considered as the basic form of auditing. The object of financial audit is to check and examine all the financial books and records as well as monetary documents of the cooperative societies in order to ensure that all the transactions are correct. Of equal importance is the periodical inspection which aims at ensuring that the administrative body of the cooperative society is following the correct methods of running the affairs of the cooperative and of keeping proper records necessary for annual audit.

The Audit Directorate in the Department of Cooperation consists of three sections, audit, inspection and financial
analysis. The Inspection Section is not functioning and it suffers from inadequacy of staff as a result of lack of certain qualifications that it needs. As to the Audit Section, and prior to the implementation of the decentralisation policy, the Audit Section at the headquarters was supervising all the regional offices. At present, however, it is only responsible for the audit of the accounts of the National Cooperative Union and other national cooperative organisations. It also audits the accounts of the Regional Cooperative Union of Khartoum Province and acts as a consultant for the regional offices when it is asked to do so. But it has no authority over the regional offices.

Enlightenment and Guidance

This Directorate consists of three main sections. The first one is the Cooperative Production Section which has three units, the agricultural unit, the marketing unit and the industrial unit. The second section is the Cooperative Services Section which has four units, the transportation unit, the housing unit, the insurance unit and the savings unit. The third sub-division is the Consumer Cooperative Section which has two units, the primary consumer cooperative unit and the cooperative unions unit.

The consumer cooperative unit is concerned with the following functions:
a) To draw and ensure the implementation of a national plan for the coordination between the consumer cooperation and production cooperation.

b) To undertake studies and research that prove the importance of the consumer cooperatives.

c) To ensure the amalgamation of consumer cooperatives whenever possible.

d) To help in solving the problems which the primary cooperatives and their unions face in getting the necessary goods.

e) To secure information on the quantities of goods received by the cooperative unions and how they are distributed.

The whole Directorate is, in general, responsible for publicising cooperative ideas among the masses using different means of communication.

Training:

During the early years of the development of the cooperative movement in the Union, education and training were the responsibility of the Cooperative Education and Publicity Section, which was a small but an important section. This section used to train the departmental staff and the personnel of the cooperative societies; it
gradually developed into a semi-autonomous training centre which came to be known as the Cooperative Development and Training Centre (CDTC) established in 1975. The centre has qualified staff; some of them are recruited from within the Department of Cooperation. Since it is the only cooperative training centre, it trains the departmental staff that work in the regional offices to act as trainers for the local cooperative societies. The future plan of the centre is to have six branches in the different provinces. Each branch will have a training capacity of about one hundred students.

The training centre has a Board of Directors and a Director. The Board meets under the chairmanship of the permanent Under Secretary of the Ministry. It is supposed to meet every three months to discuss the policy of the centre. The National Cooperative Union, the Department of Cooperation and some other related ministries are represented on the Board. The centre has five academic departments concerned with training, research, statistics, economy of cooperation, administrative and social studies and audit and accountancy. The academic council consists of the Director, the heads of the departments and three foreign experts. The centre trains the non-official cooperators of the central and national cooperative levels. It also

*From The Cooperative Development and Training Centre Pamphlet, Khadamat, Dena Modern Press, 1971, p.19*
gives short courses ranging from three weeks to three months to the management committees of the primary cooperative societies of Khorasan Province. The Centre has no programme for enlightenment. However, it arranges long courses (9 months) for the departmental officers who are expected through their field work, to assume responsibility for the enlightenment of general membership.

It will be obvious from the foregoing discussion that the activities of the different units and sections of the department and the Training Centre are of vital importance to the cooperative movement during the present stage. The Department negotiates with the government to increase the amount of goods allocated to the cooperative movement and facilitates the supply of the different types of cooperatives with the needed equipment. It also supports and protects the movement against the harsh competition of the private sector. Furthermore, the Department helps the primary and secondary cooperative organizations to own lands on which to erect their premises, and this is through writing to the land authorities.

The initiative of the Islamic Cooperative Bank is a step forward towards the financial independence of the movement. The Cooperative Bank has been supported by government funds in the form of a loan. The rest of the
capital of the bank is provided by the cooperative societies. Some of the employees of the bank are drawn from the staff of the Cooperative Department.

The Regional Cooperative Offices have closer contacts with the grass roots and the local cooperative unions. They offer considerable assistance to the cooperatives despite the shortage in the necessary equipment. The duty of the Regional Cooperative Officer starts with the formation of the cooperative society. Usually when the regional cooperative office receives an application for the establishment of a new cooperative in a certain village or an urban area, the senior inspector who is in control of the office asks the inspector or officer who is responsible for that particular area to pay a visit to that area, see the proposed location of the cooperative and form a general idea about the density of population and submit a report embodying his remarks. The field officer usually has no written information or statistical records to depend on. The initiators are to meet under the chairmanship of the cooperative officer to elect a caretaking committee. The committee propagates for the starting of a cooperative and then calls for a general meeting. This constitutional general meeting elects a management committee and approves the by-laws of the cooperative. The agreed upon by-laws and the applications for registration are to be sent to the Registrar. The
The Co-operative Officer is supposed to provide all
the other forms of assistance such as supervision, enlight-
enment, inspection and audit in spite of the fact that these
are distinct activities and need specially trained officers.
The officer is also responsible for attending the annual
general meetings for discussion of the balance sheet and
election of the new management committee. So the officer
is not particularly responsible for one phase of the business
but in concerned with the whole matter. The filing of the
papers is even done by the same officer because there is no
specialized clerk or secretary. This makes the relation
between the primary co-operative and the governmental officer
stronger than that between the primary co-operative and the
central co-operative levels and makes the movement more
dependent upon the government and consequently, the govern-
ment employs more staff.

Such complete reliance upon the government was usually
accepted when the co-operative structure was not complete.
Now that all the levels of the co-operative structure are
established, the government should think of gradual trans-
ferral of responsibility to the national and regional unions.
But the problem here is that, the unions seem to be not
ready or not prepared to carry even part of their responsibilities and obligations towards the primary societies. This may be attributed to the fact that the upper levels of cooperation are brought to existence by the government without knowing the real requirements of the lower tier cooperatives, or it may be attributed to the lack of necessary funds and the difficulty of raising funds from the existing cooperatives which are themselves complaining of shortage of money.

The Role of the Regional Offices of Khartoum Province:

Khartoum Province has three regional offices: The first one is Omdurman Regional Office which supervises, according to the local government divisions, the cooperatives of fourteen councils. The second one is Khartoum Regional Office which supervises seventeen councils. The third one is Khartoum North Regional Office which supervises eleven councils. At the head of each office there is a senior inspector and a deputy. The councils have sub-offices; each office is headed by a Cooperative Inspector who is helped by two or three cooperative officers. The three offices together supervise a thousand societies, out of those thousand societies, 941 are consumer cooperatives.

As a result of the decentralization policy, considerable powers have been withdrawn from the headquarters and
given to the regional offices. Each office is made responsible for registration and final audit of its statistics. Three years ago there was one office directing the three regional offices, but now each one of them has direct contacts with the headquarters.

The Staffing Situation in the Department of Co-operation:

The department started with a small group of staff. With the expansion of the cooperative movement, however, the government started to employ more staff. Such governmental staff offer free services to the cooperative movement. There is no specific criterion for recruitment. All the employees have general knowledge and they usually receive a three months theoretical training course on cooperative history, principles and laws. It is to be noted that, most of the early cooperative officials joined the department enthusiastically, but later most of the employees accepted the job because there is no other alternative. This was obviously the case in 1971 when the Minister of Co-operation and Rural Development employed more than two hundred graduates to solve the problem of unemployment which faced the regime in its early years. This massive employment was done without knowing the requirements of the department and without consideration to its limited budget. The opportunity for advancement and upgrading which is considered to
be fundamental to the progress of every organization becomes narrow. The pyramidal hierarchy of the department was characterized by a wide base and few jobs in the intermediate and upper levels. Since promotion was dependant on the availability of a vacancy, this resulted in the frustration of many qualified persons who remained and had to remain in the same job for an unlimited period of time waiting for chances.

The Cooperative Officer, as we mentioned before, has extra work compared to his colleagues in other ministries. Besides his office routine work, he has to propagate for the cooperative movement, help the cooperative to check the receivables and draw their accounts and attend the general meetings. All these are usually done in the evenings without having any sort of incentives. So, and as a result of the weak prospects of promotions and the absence of material incentives, some of the qualified cooperative inspectors and officers chose to quit the service. Some others joined working with the cooperative organizations on a secondment to get a material incentive above their salaries.

The cooperative organizations made use of this by having "cheap", qualified personnel. Such benefit, however, may be detrimental to the movement because the borrowing of governmental staff who are inadequately
trained in the field of cooperation will hinder the development of the cooperative personnel.

Furthermore, the department has gradually come to lose the administrative body necessary for planning and policy-making. The government staff have gradually turned to be the managerial staff of the cooperatives. Although these government officials, no doubt, know the cooperatives rules and some aspects of management, yet they seem to lack the necessary technical know how of professional management. Another problem in this respect is that the inspectors who are sent to the movement still reserve their positions in the department with the consequence that those on the bottom of the pyramid will not find any chance to move up the ladder. This tends to threaten the movement because the inspector or officer may try to gain money through methods which may be against the interest of the cooperatives.

It is to be noted that the department has actually employed a larger number than what is shown in Table (7). In 1971, for instance the employees were more than two hundred graduates. However, according to the records of the personnel section there has been a noticeable staff turnover. Those who quit their jobs up to 1983 included (147) Cooperative Officers and (153) Inspectors. It is so be noted that some of those who quitted their jobs were in
fast, well experienced and qualified cooperative personnel.

Table 7
The Employees who Joined the Department during the Period 1970-1981

<table>
<thead>
<tr>
<th>Year</th>
<th>University Graduates(High School Dropouts)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inspectors (Officers &amp; Supervisors)</td>
</tr>
<tr>
<td>1970</td>
<td>3</td>
</tr>
<tr>
<td>1971</td>
<td>2</td>
</tr>
<tr>
<td>1972</td>
<td>20</td>
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<tr>
<td>1973</td>
<td>2</td>
</tr>
<tr>
<td>1974</td>
<td>1</td>
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<td>1975</td>
<td>6</td>
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<td>1976</td>
<td>-</td>
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<tr>
<td>1977</td>
<td>1</td>
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<td>1978</td>
<td>4</td>
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<tr>
<td>1979</td>
<td>1</td>
</tr>
<tr>
<td>1980</td>
<td>2</td>
</tr>
<tr>
<td>1981</td>
<td>58</td>
</tr>
<tr>
<td>1982</td>
<td>72</td>
</tr>
</tbody>
</table>

Baroda, Ministry of Cooperation, Commerce and Supply, The Section of Cooperation, Personal Section.
Some Constancy and Drawbacks in the Department of Co-operation

Although the staff of the Department have proved themselves to be very important and indispensable for the effective assistance of the cooperative movement, there are however, many problems that need to be dealt with.

First, the cooperative officer is expected or perhaps required to help in the formation process without being given ample time for studying the real needs of the people and the suitability of the proposed location and without being given the necessary publicity. This has led to a very fast growth of cooperatives especially in the rural areas. The expanding number of cooperatives among people who do not know the principles of cooperation has tended to give chance to the opportunists to find their way to the management committees, and hence, to the secondary organizations where they can control the whole movement. This situation is attributed to many factors. One important factor has been the political pressure that cooperatives should be formed everywhere. The shortage of consumer goods and the use of the cooperatives to distribute rationed articles have also encouraged a large number of people to join the consumer cooperatives to get sugar and kerosene without having any interest in the movement. Such practice, in my estimation, has tended to destroy the principle of
voluntary membership. It is to be noted in this respect, that Ghana and Tanzania have the same problem. In Tanzania, Muku has transferred the movement into consumer cooperatives based on the entire local membership, where all the village is registered as a cooperative society.2

Secondly, the unplanned expansion in cooperatives has tended to exhaust the time of the cooperative officer and has consequently resulted in poor inspection and supervision. The cooperative officials have no means of transport to reach the remote societies. They choose to stay in office doing routine work. If the cooperative society has any complaints, the management committee has to come to the office of cooperation. The officer usually goes for audit once a year or perhaps once every two years to prepare a joint account for the fiscal year. This has led to widespread failure which could have been avoided by timely inspection.

The third constraint respecting the role of the Department is that, the Department itself is financially weak. Most of the inspectors in the counties have no equipment for the field work. The three offices of Shamba Province, for instance, supervise a thousand of cooperatives and have only three old cars.

Fourthly, the relationship between the field officers and the planners at the headquarters is weak for the latter do not pay adequate attention to the reports written by the former so they may be better informed about the details of their jobs. This means that reports and information are not used in decision making and this has consequently led to defective planning which usually results in the failure of most of the cooperative projects.

Fifthly, the relation between the Department and the National Cooperative Union is rather ambiguous. The lack of coordination between them has tended to create confusion for the whole movement. Such situation may threaten the unity of the movement. In addition to this, the decentralization policy has also led to weak collaboration between the cooperative organizations in the different regions.

To conclude this chapter, it seems important to stress the point that a clear policy should be drawn for encouraging and adequately training the non-official cooperative leaders. Furthermore, the transfer of the cooperative responsibilities, that are carried by the Department, to the cooperative organizations at all levels should be gradual and in accordance with the capability of the cooperative movement. This point is particularly stressed because a strong cooperative movement, in my opinion, is destined
to play an important and strategic role in the social and economic progress of the country.

The support of the government to the cooperative movement should be a real and genuine support. At the same time the government should not deprive the movement of its basic principles. The Cooperation Department must be urged to place technically qualified officers at district and regional levels to help the societies in technical matters.
which they have been established. Such criticism and dissatisfaction are normally voiced by the various sections of the Sudanese society but mostly by the educated groups. However, it is rather unfortunate that most of these educated groups have tended to stand aloof from effective participation in the activities of consumer cooperatives.

In view of this, an attempt has been made in the foregoing chapters of this study to describe and evaluate the development of consumer cooperatives in the Sudan, the important role which they have played and are expected to play and the major problems or constraints which they have been facing such as lack of adequate finance, lack of efficient management and the severe limitations in the educational and training programmes in cooperative work which have remarkably affected the efficient practice of consumer cooperatives.

The brief theoretical analysis embodied in the first chapter has been designed to form a framework for the meaningful examination and assessment of the practice of consumer cooperatives in the Sudan. Three important points are raised in this chapter: Firstly, it has been pointed out
that the primary objective of cooperative work, at least in theoretical terms, is to supplement governmental action and to contribute to the development of a better social order within which people's needs and aspirations may be most adequately satisfied. Secondly, it has been pointed out that cooperative work is designed and is assumed to serve economic, social and political purposes. From an economic point of view, cooperative work is designed and assumed to be involved in such economic activities as the accumulation of capital through shares collected from the members, the encouragement of members to save interest activities for their own benefits and the improvement of production through the use of modern technology and competent skills. From a social point of view, cooperative work is designed and assumed to help in minimizing social differences between the different racial groups by bringing them together in a cooperative work to attain a common purpose and to improve the living conditions of the masses. From a political or ideological point of view, cooperative work is designed to contribute to the effective fulfillment of such important political ends as popular participation. Thirdly, it has been pointed out that although cooperative work is of considerable importance in both the 'developed' as well as in the 'developing countries', its role in developing countries, committed as they are to the difficult
task of nation-building and rapid socio-economic progress is of particular significance.

The historical survey embodied in the second chapter has reflect ed briefly upon the evolution and development of the Sudanese cooperative movement since its initial establishment by the people’s efforts in the early 1930s and up to the present time. It was pointed out that the active support to the movement started with the Novation of the Cooperative Act of 1945. It was the first Act and was issued as a result of a report submitted by Mr. Campbell, a British Cooperative Expert, on the cooperative possibilities in the Sudan. Subsequently, the successive national governments took some further positive steps in the direction of developing the cooperative movement and enlarged the official body which was initially created by the colonial government to handle the cooperative societies. Different kinds of cooperative societies were consequently formed. As a result of the expansion of the movement, secondary cooperative societies (local and regional cooperative unions) were formed to deal with the growing complexities of the movement which were far beyond the capabilities of the primary societies. In this respect it was pointed out that the government played a major role in the initiation of the higher level cooperatives. Consequently, the cooperative structure has been developed to consist, in accordance
with the provisions of the Law of 1973, of four tiers arranged as follows: The primary cooperative society at the bottom of the pyramidal structure, then comes the local union, the regional union, and at the top of the pyramid is the Sudanese National Cooperative Union (SNCO) which is the apex organization.

During Numeiri military regime which took over power in May 1969, the Law of 1948 was repealed by the Law of Cooperation of 1973 which was later amended in 1976. The latest new Law of Cooperation was issued in 1982. The movement has been given a prominent position in the Permanent Constitution of the Sudan. The Charter of the National Action as well as the President of the Republic considered the cooperative societies as political units for the support of the revolution. All of this has, in fact, led to the remarkable increase in the number of cooperative societies. However, it is to be noted that all these developments took place at a time when effective cooperative education and enlightenment was almost absent. This gave chance to some 'opportunists' to control some of the consumer cooperatives. Furthermore, the state commercial corporations which were incorporated into the cooperative sector were shifted back to the state on demonstration of their ineffectiveness. This undoubtedly testifies to the fact that some of the state resolutions
are sometimes made without adequate study. Besides, despite the importance and sympathy given to the development of the cooperative movement, the movement continued to face more difficult problems such as lack of sufficient capital, lack of efficient management, illiteracy, and poor transportation facilities. This is, in my opinion, a reflection of the deterioration of the country's economic situation in general for the cooperative movement which is lacking in many respects cannot succeed to accomplish what the government fails to accomplish.

Hence, and in view of the above mentioned points, one can fairly make the statement that the absence of clearly defined policy concerning the cooperative sector has resulted in the prevalence of a big gap between what is expected of the cooperative sector and what it can actually achieve. Such gap constitutes a great challenge to the Cooperation Department and its working staff.

Chapter three dealt with three main points. The first one discusses the reasons for the fast growth of the number of consumer cooperatives. The second point gives statistical information to show the rate of growth of consumer cooperatives in the Sudan in general and in Khartoum Province in particular. The third point portrays the consumer cooperative shops as they are, analyses their administrative structure and their operational aspects.
As far as the first point is concerned, the fast growth of the number of consumer cooperatives is attributed to
three factors:

a) The simple economic and social philosophy of
coop eration in general and consumer cooperation in particular
which brought such cooperatives nearer to the understanding
of the common man.

b) The evident political support which is given to the
movement by the successive national governments, especially
by the present May Regime which continues to consider the
movement as a basic organizational tool through which the
government can implement its plans. Beside being embodied
in the Permanent Constitution and the National Charter, the
cooperative movement is also taken care of by the Sudanese
Socialist Union which is the sole political organization in
the country. Furthermore, some other official bodies took
special interest in the cooperative movement. Such rapidly
growing interest and the consequent political interference
in the activities of the cooperatives have tended to affect
the main duties of the cooperatives and inevitably resulted
in an accelerated formation of consumer cooperatives without
adequate consideration of the felt need. This situation has
tended to lead to the deterioration of the quality of the
services offered by the consumer cooperatives.
c) The tight economic situation and the hoarding of
the necessary goods by the private retailers inevitably
forced the people to find another way to secure continuous
supply of needed goods, and the cooperative shop that they
own and manage by themselves has been found to be the best
solution. It provides the members with most of their daily
requirements, relieves the poorer section of the population
and helps considerably in stabilizing the prices.

As to the second point, it has been pointed out that
the rate of growth of consumer cooperatives is much higher
than the rate of growth of the agricultural and production
cooperatives. Also, the percentage of growth of consumer
cooperatives in Khartoum Province is much higher than that
of the other provinces. This fast establishment of consumer
cooperatives is apparent in the rural areas and in the new
extensions of the three towns which are densely populated
as a result of the internal migration from the rural areas
and the other provinces to Khartoum Province. The number
of the primary consumer cooperatives in Khartoum Province
up to 1980 is estimated to be (957). There are also three
local unions in the three towns of Khartoum, Omdurman
and Khartoum North, and one regional union which is the apex
of the cooperatives of Khartoum Province. This is beside
some specialized cooperative corporations.
The third point covered in the third chapter relates to an account and analysis of the administrative structure and the operational aspects of the consumer cooperatives. The interview carried out for the purpose of this study has shown that almost all the consumer cooperatives are operated in the same manner and face common problems despite the differences in their locations. The administrative framework of each consumer cooperative consists of the general meeting of members which is the supreme authority. The Board of Directors (Management Committee) is elected by the general meeting and is supposed to draw policies and watch over the administration of the cooperatives. The third administrative body is the manager or the shopkeeper who, in all cooperative societies, offers counter service and has nothing to do with professional management.

For the purpose of analyzing the operations of the consumer cooperatives in the Sudan, twenty-three consumer cooperative shops have been interviewed. The interview has covered about ten cooperative operations. It has shown that selling of goods which is mainly the responsibility of the paid shopkeeper is sometimes done by the Board of Directors, because the cooperative shop cannot find a qualified shopkeeper or cannot afford paying wages. The purchasing of goods which is mainly the responsibility of the purchasing committee which is appointed from within the Board of Directors, is sometimes
as none of them own its transportation, dishonesty, illiteracy and passivity of the members.

The staffing of the consumer cooperatives is a crucial factor in their overall success. The staff of the primary consumer cooperative consists of the Board of Directors (Management Committee) and the shopkeeper who is usually recruited from the same locality. The cooperative wholesale societies (local and regional unions) have relatively larger staff. All of the cooperative unions have a cooperative officer or inspector on appointment from the Department of Cooperation to help in book-keeping.

The problems of the consumer cooperatives are mainly managerial and commercial. In the managerial side, the committee members are usually chosen in view of their popularity or because they are the only literate; they are not adequately acquainted with the art of management. As a result of the paucity of the members, elections of the Management Committee is done by a minority. This has tended to give chance to the unqualified to be elected and re-elected. As was already mentioned, the reluctance of the educated to join the cooperatives has frequently made the chance of electing a qualified board very narrow. Furthermore, the disloyalty of the members and their dependence on the private retailers who sell them goods on credit has tended to affect the cooperative shop economically and make the payment for a
qualified shopkeeper rather impossible. This situation shows that the management aspect is weak; none of the consumer cooperatives, whether at the primary level or the secondary level has made a genuine attempt at improving management. It seems, however, that they are satisfied with their routine services, giving no attention to the complexity of the present economic life a situation which is likely to lead to the failure of these consumer cooperatives to stand the harsh organized competition of the private retailers.

On the commercial side, it has been observed that the wholesale cooperatives sometimes fail to supply the primary cooperatives with all their needs. The primary cooperatives, on the other hand, do not have direct access to the manufacturers or producers. Another problem is that the goods pass through the four tiers of the cooperative structure, each taking a commission with the result that the articles become rather expensive when they reach the consumer.

Chapter four has embodied a discussion of the relationship between the state and the cooperative movement and the value of state aid to the development of cooperation. However, it has been observed that the state itself is making considerable benefit of the cooperative organizations as being intermediary organizations in which the small consumers and producers unite to promote the scale of activities. Furthermore,
It has been pointed out that a new relationship usually emerges between the state and the cooperative movement when the latter inevitably adapts itself to a situation in which the state takes the overall management of the economy in its hands. Likewise it has been pointed out that with the change of the nature of the state, i.e., from a 'ruling state' to a 'welfare state', the attitude of the government towards the cooperative movement inevitably turns to be positive. However, such positive attitude on the part of the government towards the cooperative movement may differ from one country to another. In spite of such possible variation, however, almost all the developing countries usually establish official bodies to lead the cooperative movement, especially among the illiterate rural people who have no enlightened local leaders, and to prevent the possible misuse of privileges given to the cooperative movement.

The Sudanese cooperative movement, like its sisters in most of the developing countries, is directed and assisted by a governmental body initially established prior to independence and eventually expanded with the expansion of the cooperative activities. The Section of Cooperation which is attached to the Ministry of Cooperation, Commerce and Supply is headed by the Director General of the Cooperative Sector. He is assisted by four Directorates which include: (a) Planning and
Programming Directorate, 5) International Relations and Training of Officials and Non-Official Staff Directorate, 6) Enlightenment and Guidance Directorate, 7) Audit and Inspection Directorate. The Director is also assisted by a Section for Registration.

The Cooperative Development and Training Centre (CDTC) has a qualified staff and it caters for the training of the Departmental staff and the training of the Management Committees. The Board of this training centre is answerable to the Deputy Minister of Cooperation, Commerce and Supply and not to the Director of the Cooperative Sector.

The newly established Cooperative Bank is independent from the Ministry and it has a separate law. It is expected to solve the financial problems of the different types of cooperative societies.

The regional offices of cooperation which are located in the three zones are directly responsible to the Director General of the Cooperative Sector. They have closer contacts with the masses; these offices are responsible for scrutinizing applications for establishment of consumer cooperatives, following the procedures of registration to help the cooperative to take its legal entity and frequently inspecting the activities of these cooperatives. These offices are also supposed to audit the cooperatives annually, attend the annual
general meetings which discuss the balance sheet, and
watch over the election of the new management committees.
All these measures have tended to make the cooperative
movement rely more and more on the Cooperative Department,
and consequently, a large number of non-viable consumer
cooperatives came into existence. As a result of this, the
government started to employ more staff without any specific
criterion for recruitment and without consideration to the
limited budget of the Department.

It has further been observed that the pyramidal struc-
ture of the Department is characterised by a wide base and
very few jobs in the intermediate and upper levels. Such
over-staffing at the base level of the Departmental struc-
ture has inevitably tended to make the opportunity of advance-
ment very narrow; many qualified employees remained and had
to remain in the same job for an unlimited period of time.
This resulted in the frustration of the cooperative officials
and inspectors. Some of the qualified personnel quit the
service while the others joined the cooperative organisations
on secondment. It is to be noted that the personnel on second-
ment to the cooperative organisations are partially paid by
these cooperatives i.e. they are given some incentives in
addition to their basic salaries which are drawn from the
Department of Cooperation. As such they are acceptable to
these cooperatives. However it should be taken into consideration that the continued use of seconded governmental staff may continue to hinder the development of "non-official" cooperative leadership and may tend to make deprofessionalization of the cooperative movement almost impossible as it continues to depend wholly on the governmental personnel.

The dependence on governmental personnel has its drawbacks. This is most evident if we take into consideration the following points:-

a) Those employed without being enthusiastic to the cooperative movement may not offer the expected leadership; they may help the cooperatives in their routine services but may not be able to give adequate help in the educational and social aspects. Besides, the absence of fair promotion and sufficient incentives makes the staff lose the sense of duty and may try to enrich themselves at the expense of the cooperative movement.

b) The Department of Cooperation itself is financially weak. It has been unable to supply the regional offices with the necessary equipment for field work. Consequently, the regional officers usually tend to stay in office doing routine work.
c) The borrowing of staff from the Department tends to hinder the cooperative societies from developing their own personnel, and this has continued to constitute one of the main factors that make the cooperatives neglect the significance of efficient management.

d) Those who work on secondment terms with some cooperative organizations are usually not in a position to inspect these organizations and may not help their fellow inspectors of the Department to do this properly and honestly.

In the light of the points raised and discussed in the preceding paragraphs of this concluding chapter, some suggestions in the direction of improving the level of performance of cooperative work are worth mentioning. Most important among such suggestions are the following:

1. A clear policy should be drawn for encouraging and adequately retaining the non-official cooperative officers, this must be accompanied with intensive cooperative educational programmes for the members to make them understand the real reason behind their cooperation and active participation.

2. The Department of Cooperation must acknowledge the fact that its role is temporary and should start the transfer of duties to the appropriate cooperative bodies and to the apex cooperative organization.
5. Each transfer of cooperative units and responsibilities should be gradual and in accordance with the actual capability of the cooperative movement.

4. In view of the fact that the cooperative movement with its present limited resources cannot adequately support the huge numbers of consumer cooperatives, the rate of establishment of new consumer cooperatives should be checked and slowed down as much as possible with more efforts being exerted in strengthening the existing cooperatives. Furthermore, gradual amalgamation of consumer activities should be encouraged as far as this is possible.

5. The support of the government should be a genuine support, i.e. aiding at the development rather than the control of the cooperative movement. At the same time, the government should not aspire to deprive the movement of its basic principles.

6. The consumer cooperative societies which operate in the working areas should be either dissolved and their members to join the cooperatives in the residential areas in order to end the possible isolation of the educated working groups, or be amalgamated in the sense that every two or three factories in the same working area should have one consumer cooperative shop which will eventually improve the standard of management within cooperative organisations.
7. The Cooperation Department must be urged to place technically qualified officers at regional levels to help the cooperative societies in technical matters. The official cooperative officers should always bear in mind that the consumer cooperatives are not merely retail shops, and that they are supposed to offer solutions for the socio-economic problems of the community, so the consumer cooperatives should be helped to achieve this end.
APPENDIX II:

S culp. Form No. (6)

Name .......... Cooperative Society

Issue No. ................................

Amount of ................................

Paid to ................................

LS : P : Particulars : Signature of

Date Signature of Secretary
### Appendix III

**Coop. Form No. (4)**

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:</td>
<td>Date:</td>
</tr>
<tr>
<td>Issue:</td>
<td>Issue:</td>
</tr>
<tr>
<td>Particulars:</td>
<td>Particulars:</td>
</tr>
<tr>
<td>No.:</td>
<td>No.:</td>
</tr>
<tr>
<td>Eg.:</td>
<td>Eg.:</td>
</tr>
</tbody>
</table>

---

**Table Not Shown**
Cmp. Form No. (12)

Invoice No. .................

Name .......................... Cooperative Society

<table>
<thead>
<tr>
<th>Price of Sales</th>
<th>Price of Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price/Unit</td>
<td>total</td>
</tr>
<tr>
<td>L3 : x</td>
<td>L3 : x</td>
</tr>
</tbody>
</table>

We certify that the above invoice is correct and it shows the quantity of goods delivered to the shop of the society with the real price.

Secretary

Date

Signature

Member

Shopkeeper
NAME OF THE CONSUMER COOPERATIVES WHICH WERE VISITED AND INTERVIEWED BY THE WRITER FOR THE PURPOSE OF THIS RESEARCH

<table>
<thead>
<tr>
<th>Name of the cooperative society</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilai</td>
<td>Omdurman rural area</td>
</tr>
<tr>
<td>Rohat al Milih</td>
<td></td>
</tr>
<tr>
<td>Kudai (south)</td>
<td></td>
</tr>
<tr>
<td>Peer al Sheikkk</td>
<td></td>
</tr>
<tr>
<td>Qa Nitsig</td>
<td></td>
</tr>
<tr>
<td>Wa'd Rahil (south)</td>
<td>Khartoum North rural aread</td>
</tr>
<tr>
<td>Harissi</td>
<td></td>
</tr>
<tr>
<td>Al Mikhail-al al Batagil</td>
<td></td>
</tr>
<tr>
<td>Al Necia Al Gaili</td>
<td></td>
</tr>
<tr>
<td>Al Kalka Gatoa</td>
<td>Khartoum rural area</td>
</tr>
<tr>
<td>Al Kubba</td>
<td></td>
</tr>
<tr>
<td>Al Nabi (2)</td>
<td>Omdurman residential urban area</td>
</tr>
<tr>
<td>Al Kulaam South (1st. class)</td>
<td></td>
</tr>
<tr>
<td>Abu Rosef mast</td>
<td></td>
</tr>
<tr>
<td>Al Sahafa (22)</td>
<td>Khartoum residential urban area</td>
</tr>
<tr>
<td>Al Sahafa (25)</td>
<td></td>
</tr>
<tr>
<td>Al Gana al masaken, al Shabea</td>
<td>Khartoum North residential urban area</td>
</tr>
<tr>
<td>Workers food research center</td>
<td></td>
</tr>
<tr>
<td>Workers of the Sudanese Textile Factory</td>
<td></td>
</tr>
<tr>
<td>Workers of the Post Office</td>
<td>Khartoum</td>
</tr>
<tr>
<td>Primary School Teachers' Institute</td>
<td>Omdurman</td>
</tr>
<tr>
<td>Workers of Bank al Wilde</td>
<td></td>
</tr>
<tr>
<td>workers of the Survey Department</td>
<td>Khartoum</td>
</tr>
</tbody>
</table>
APPENDIX VII:

Questions raised and discussed in the interview conducted with the President, Duta Committee Member and the Shopkeepers of the selected consumer cooperatives:

1. Who sells the goods, the shopkeeper or the Management Committee?
2. Does the shopkeeper sign a contract?
3. Is there a purchasing committee, who does the buying of the goods?
4. Does the cooperative society own means of transportation or use private transportation?
5. Who checks the goods and signs the invoice?
6. Does the cooperative own a storage building?
7. How to compose the right assortment and who decides the quantity?
8. What is the frequency of stocktaking? Are the goods counted physically every year, or once a year?
9. Does the society use all the necessary cooperative financial forms?
10. Does the board of the cooperative meet regularly? Does it keep records of the meetings?
11. Is the participation of the members in the annual general meeting satisfactory? Is the percentage of attendance poor or reasonable?
12. How many times a year does the cooperative inspector visit the cooperative society?
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