



Organizing out of poverty: stories from the grassroots

How the SYNDICOOP approach has worked in East Africa

By Stirling Smith and Cilla Ross



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A joint publication of the International Labour Organisation (ILO),
the International Co-operative Alliance (ICA) and the International
Confederation of Free Trade Unions.



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Stirling Smith

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Foreword

The majority of workers in the world today are in the informal economy. They have no choice in this matter. They are obliged to take whatever job they can find. It may be hazardous; it may mean they cannot spend time with their families; it may not match their skills and it almost certainly will not provide earnings much above subsistence level.

Informal economy workers rarely benefit from labour inspectorates or social security safety nets. And because they are not organized, they have no representation in the decisions that impact on their lives. They have no 'voice'.

The SYNDICOOP approach offers an alternative. It shows that workers can be organized, in a way that offers some improvements in their daily lives and provides the voice that workers need. SYNDICOOP promotes trade unions and cooperatives – membership-based organizations for workers in the informal economy. And because they are membership organizations, they can be accountable.

The stories in this publication describe the difference that this approach has made in East Africa. The ILO's (COOP, ACTRAV) partners in SYNDICOOP the International Cooperative Alliance (ICA) and the International Confederation of Free Trade Unions (ICFTU) invite you to follow the SYNDICOOP approach to poverty alleviation and Decent Work through organizing out of poverty.

Introduction

Around three billion men and women make up the world's labour force. Around 50 per cent of them must survive on less than US\$2 a day. Of that group, at least 500 million live on less than US\$1 a day.

Of the world labour force the ILO estimates that between one half and two thirds are in the informal economy; this is an estimate because the statistical definition of the informal economy varies from country to country and it is difficult to capture precise data.

But still, these two facts are striking. Half the labour force lives in grinding poverty. At least half are in the informal economy. Is this a coincidence? Not really.

For most people in poverty, a decent job is the route out of insecurity and deprivation. Providing people with a decent job, or Decent Work, is the central principle of the ILO and its work.

Decent Work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

There is clearly a decent work deficit in the informal economy. We can only start to tackle this deficit through organizing.

Organizing out of poverty

Many definitions of poverty are simplistic, looking just at income. The Nobel Prize winning Indian economist Amartya Sen has argued for a different approach. To him, poverty is the lack of capability to function, so reducing poverty is related to positive freedom – the ability to exercise choice. This is very much linked to democracy and liberty of expression.

Here member-based organizations like cooperatives and trade unions play a key role. By giving working people a voice, they can, for example, have a say in decisions about services that government provides.

This is why SYNDICOOP is different. Most programmes on the informal economy focus on providing microfinance. That is important. As the case studies here show, small amounts of money can make a big difference. It is however, the voice, the representation that is just as important.

Many development agencies see workers in the informal economy as micro-entrepreneurs who need business advice services. Often a small and medium (SME) development model is promoted from their own country to Africa and Asia, not taking into consideration the different circumstances.

Individual workers in the informal economy are not striving in the free market against other entrepreneurs. They can benefit most by combining with others. As a leading theorist of cooperation has put it,

Full individual development can take place only in association with others. As an individual, one is limited in what one can try to do, what one can achieve. Through joint action and mutual responsibility, one can achieve more, especially by increasing one's collective influence in the market and before governments.

Ian MacPherson, *Background Paper on the Statement on the Cooperative Identity* ICA, 1995

Back to the future

A good example is Assetamorwa (Association de l'Esperance des Taxis Motor au Rwanda) in Rwanda. Each of the motorcycle taxi drivers is an individual trader, negotiating fares with passengers. But by combining together, they support each other and can negotiate with the authorities of Kigali, the Rwandan capital. Is Assetamorwa a trade union or a cooperative? It has characteristics of both. Historians will recognize that trade unions two hundred years ago also organized in this way when there was often no regular employer.

Cooperatives and trade unions have common origins. Workers created both forms as a response to the industrial revolution. It is appropriate that they

have come together in SYNDICOOP to show the way forward for workers in the informal economy.

A voice in policy debates

Cooperatives and trade unions do not only provide a voice for informal economy workers at the local level. They are the **only** way that workers in the informal economy can be properly represented in national level economic and social policies. In the countries featured in these case studies, the Poverty Reduction Strategy process is the framework for such policies. SYNDICOOP has, in all the four project countries, tried to influence the Poverty Reduction Strategy Papers (PRSPs) that are prepared. National Steering Committees of SYNDICOOP have included not only representatives of ministries of labour and cooperatives, but also finance ministries or departments responsible for PRSPs – in Tanzania this was the Vice-President's office. Cooperatives now have an important place in the government's poverty reduction strategy.

A sustainable approach to poverty reduction

We started by pointing out that poverty is not simply a lack of money. It is much more complex. Human freedom and equality of power are essential in the fight against poverty. People must attain these through organization. Member-based organizations – cooperatives and trade unions – are an essential part of the social dialogue that can result in giving informal economy workers a voice and a livelihood. They cannot gain one without the other.

Case Study 1:

Making a Difference: Gikomba Market, Nairobi, Kenya

Gikomba Market sprawls chaotically on either side of the Nairobi River in Kenya's capital and then spills into the 'informal settlement' of Pumwani Majeng – one of 130 slums in the city. Here, 50,000 of the 1.8 million slum dwellers of Nairobi live and work.

You can buy everything you need on the teeming dirt streets of Gikomba. Food, vegetables, household goods, hardware, fish and perhaps the most plentiful item of all – second hand clothes or 'mitumba' as the clothes trade is called locally. Shipped into Kenya in huge quantities, the clothes and shoes are sold by item or weight on makeshift stalls and from boxes, barrows and carts.

Gikomba is the largest open-air market in Kenya and it is visited every day by tens of thousands of people buying goods, trading, meeting, hawking and simply trying to survive. Market hawkers (even by Kenyan standards) are extremely poor. A hawker might sell *sukumawiki*, a leafy green vegetable that is a staple diet of Kenyans in the daytime and hawk cigarettes late into the night and still earn a daily income of only 50 Kenyan shillings (US\$0.7). Established market traders can earn more but setting themselves up, as we will see, can be prohibitive.

The Nairobi slums and markets are legacies of the colonial policy of racial segregation and such markets have always been important meeting places. The National Trade Union Federation, COTU, still has their headquarter in this part of town. During British rule the nationalist opposition used the markets to organize local people but now they provide the only offer of living for tens of thousands of people who work in the informal economy. Gikomba is a magnet to the very poor including those who the United Nations calls Internally Displaced Persons. In Nairobi it is estimated that over half a million people are displaced because of poverty, ethnicity or politics.

Many are afflicted by HIV/AIDS and a significant number of young women have resorted to sex work because of poverty.

Conditions in the market, like the slums, are chronic. The Nairobi River, which is full of bundles of kitchen and industrial refuse, raw sewage and casualties of abortion is an open sewer and the market itself, a fetid health hazard. Obviously not everyone lives and works in such conditions. Kenya is one of the twenty-five poorest countries in the world but the market and slums border affluent residential estates where the price of a house costs as much as 30 million Kenyan shillings (\$400,000). Rampant inequality characterizes countries such as Kenya.



Living and working conditions in the informal economy are poor. An open drain at Gikomba market, Nairobi, Kenya.

© Stirling Smith

Barriers for women traders

Yet despite the sort of conditions to be found in the markets, people want and need to trade there. The trouble is, this is not always easy. A would-be trader cannot just walk into Gikomba and find an empty stall. Getting a stall takes considerable effort and money and a fairly lengthy wait. Also, would-be traders are likely to need help from other traders (or family members) even to get started. It is also the case that there is a real hierarchy within the market, syndicates own the stalls and many in the markets are not struggling informal traders but big operators. It is hard to survive on your own.

Women in particular find many barriers to trading in the market. For example, they usually have children and the elderly under their care and they may also be responsible for family members suffering from HIV/AIDS. This means that they are not mobile and because they have children with them they find it difficult to stay at the market during the day because of the lack of basic facilities such as toilets. It can also be hard to get started as a trader in the market on financial grounds. Whatever it is you want to sell costs money to begin with - to accumulate a small stock of goods can be beyond the reach of many. Thousands of people, working on their own, cannot find the money to begin trading.

Getting organized

Now, thanks to support from the ILO SYNDICOOP project, times are changing at the Gikomba Market with a new organization, the **Gikomba Self-Help Group** established in 2004. It has not taken long to establish itself. Kenyans are familiar with cooperatives (it is estimated that six million of a population of 30 million are members) and many already know about trade unions. Indeed the Solidarity Building of the Central Organization of Trade Unions (COTU) is surrounded by market traders and is located in Gikomba itself. COTU has helped the group. This new self-help association of workers in the informal economy is starting to make a difference.

Thirty people formed the group for the original purpose of providing basic services such as water, toilets and washing facilities in the market. The group has gone on to open a market restaurant that provides cheap meals.

The group has also set up the Gikomba Wanabiashara SACCO (Savings and Credit Cooperative). Loans from the SACCO can help people to begin to trade, to develop their business or offer a lifeline in the case of an emergency.

Public toilets – a basic service

The first aim, to rehabilitate public toilets, was quickly achieved. The project started with each member contributing 50 Kenyan shillings to a fund every two weeks. Once 80,000 shillings were saved, they sought permission from local (administration) leaders including the area chief, councilor and the District Officer. The group rehabilitated one toilet and created a job for one caretaker/watchman. From each client who uses this facility, the organization charges two Kenyan shillings. The group is not concerned solely to provide a service but also to create new jobs. The toilet/shower facility now employs several workers. More importantly, it allows women the freedom to use and trade in the market. Without a toilet, they cannot sit all day by their stall. The daily average income is 1,800 shillings. Sometimes collections hit as high as 3,000. Usually, the women's facility generates more income than the men's restroom.



Toilets and showers provided by the Gikomba Self Help Group.

© Stirling Smith

The cash flow that has resulted from this first initiative has now been invested in a café that provides cheap food for market users and has created another 12 jobs.

The group is unusual in that it includes both men and women from different ages and diverse ethnic communities. The group includes people with their own businesses, itinerant traders and even wholesalers.

Obstacles

The formation of the SACCO was not easy. Members started by contributing 200 Kenyan shillings each. However, they decided this was not enough and increased contributions to 1,500 Kenyan shillings. Thus they mobilized 32,000 shillings and borrowed another 68,000 from other groups at an interest rate of 10%. The group had to spend 45,000 shillings in a cumbersome registration process that drained their resources and took up a lot of time. This is an example of the kind of barriers that exist for groups of workers in the informal economy trying to get organized.

Democracy

The group is democratically organized with the various organizational responsibilities (Chair, Secretary and Treasurer) rotating. There are a number of committees including a gender committee, composed of three women and two men, which ensures that there is gender equality and representation at all levels of the organization. All involved in the group undergo business, cooperative and trade union training at workshops and seminars. There are now 28 members.

The members also formed the Gikomba Wanabiashara SACCO and so far they have 140,000 Kenyan shillings in reserve (about US\$2,000)

Imagine what savings can mean to a poor person. It means being able to afford the education of children, books, clothes, food, housing and further investment in their own economic and social development.

In this case a self-help cooperative has been set up to meet the needs of individuals and the wider market community. But it is not any model of enterprise; it is one that rests on cooperation and association and

community spirit. The involvement of trade unions ensures that workers in the various enterprises work reasonable hours and in decent conditions. The fact that cooperative values and principles are involved means that fairness and equity characterizes business activity. The involvement of ILO SYNDICOOP has ensured that there is gender equality throughout the project and that effective business knowledge and skills are widely disseminated. The project is resulting in decent work for a growing number of people in the slums and markets of Nairobi. For those living and working there, this will be decent work for the first time.

Working for ourselves: a workers' cooperative

Wamumo Enterprises & Commercial Services is a workers' cooperative registered in October 2001. The cooperative has ten members and provides garbage collection and cleaning services on an up-market housing development, Baraka Estate, about 20 kilometres away from Nairobi city centre. Other activities it undertakes include: general cleanliness, maintenance of fences, sweeping streets, mowing grass, improving on sanitation, repairing the drainage system and planting trees. The business has approval from the National Environment Management Agency (NEMA). The cooperative generates revenue through such services.

The group is run democratically, with all members participating. It has six officials, of who three are women. The economics of the business are fragile. The members have to make door-to-door collections of 400 shillings per month fees from 200 homes at Baraka estate. Many households are slow to pay. They have to hire a lawn mower and vehicles to transport garbage for disposal. A trip costs 3,000 shillings. The group expends 24,000 shillings per month on this alone. All members draw a salary of 4,000 Kenyan shillings, which is below the minimum wage.

Nevertheless, the cooperative members have a vision to succeed. Their secretary, Moses M Wanyama says:

The purpose of the cooperative is creating more employment for people like us ... instead of being informal, we become formal ... as a human being, you have your own ambitions, our ambition is to make a good environment for Kenyan citizens, we are not going to be narrowly based in this estate, this is just a beginning. We are striving to make our daily bread.



Wamumo Enterprises & Commercial Services worker cooperative, near Nairobi, Kenya.

© Stirling Smith

The workers are dedicated to their cooperative as it has provided them with a job. They walk up to an hour each way from home to get to work. They lack essential equipment such as uniforms and so are exposed to hazards because of their lack of personal protective clothing and equipment.

Normally, private companies provide this service and it is hard for the workers' cooperative to compete. Although they pay themselves a low wage, this group is determined to succeed and to expand, so making opportunities for others.

They are not waiting for somebody else to provide them with Decent Work. They are creating it for themselves.

Case Study 2:

Rwanda

The impact of Genocide

Rwanda is still recovering from experiencing the worst genocide in recent history. Almost a million people were killed in 1994 and many tens of thousands of women raped - leaving a population suffering from HIV/AIDS and many people traumatized. It is estimated that over 12% of Rwandans are HIV Positive with the lives of women particularly blighted. Rwanda continues to be divided by ethnic tensions and remains one of the poorest countries on earth. The 1994 genocide decimated Rwanda's fragile economic base and impoverished an already poor population even further. Some economic progress has been made in the post 1994 period but nearly two thirds of Rwanda's 8.5 million people live below the UN poverty line.

It has never been easy trying to make a living in Rwanda. Once a Belgian colony, the situation only marginally improved for the unorganized poor following independence in 1962. Rwanda has the highest population density in Africa, and approximately 87 per cent of the population is engaged in agriculture. Per capita food production is low; approximately 60 per cent of households live below the poverty line and have insufficient dietary diversity. Rwanda has only scattered industry and few natural resources. As in so many other African countries, nearly all workers in Rwanda (at least 90%) work in the informal economy. Such workers are unorganized, without social security or rights and it is likely that much child and forced labour exists. Unorganized workers include boy and girl housekeepers, bicycle, motorbike and taxi drivers, landless farmers, workers in fuel stations, shops and markets – the list is endless.

Trade unions take the lead

The trade union movement set about re-building in 1995, after the genocide, using cooperative models. Eric Manzi, General Secretary of the

Centrale des Syndicats des Travailleurs du Rwanda (CESTRAR), an ICFTU affiliate explains:

We improved workers' social well-being by setting up a social pharmacy system enabling workers to obtain medicine or drugs at a reasonable price, compared with those charged at other pharmacies. We also set up a trade union cooperative store system, where workers who had not been paid at all or not received their full salary could come and stock up on provisions after receiving loans that were to be paid back once their salaries had been transferred to their accounts. The social pharmacies and trade union cooperative store helped us get our Workers' Fund up and running again. Today, that fund has evolved into a kind of microfinancing bank with its own legal status, and is working well. The priority during that entire period was to provide relief, and by acting as it did, CESTRAR helped the government kick-start the economy again and ensure that workers at least had enough to survive.

ICFTU online, 2 October 2003



Credit unions in Rwanda are closely linked to the trade union movement.

© Stirling Smith

The ILO SYNDICOOP approach could build on this tradition. CESTRAR brought together existing self-help and cooperative organizations from the informal economy, and representatives of the Ministries of Labour and Cooperatives (MIFOTRA and MINICOM) into a National Steering Committee for SYNDICOOP.

There was also a strong history of credit unions in Rwanda although many had lost their employees and members in 1994. The number of credit union members in December 2001 was 193,000, down from a level of 366,800 before the genocide. CESTRAR initiated a Savings and Credit Cooperative of Workers (UCT) that has been very successful.

Transport workers

According to David Cockcroft, General Secretary of the International Transport Workers Federation (ITF), a Global Union Federation, the vast majority of transport workers are in the informal urban sector. They move people and goods, providing an essential service, but are usually unregulated and unprotected by laws or trade unions. SYNDICOOP shows that these workers can be helped and organized.

SYNDICOOP has worked with Assetamorwa (*Association de l'Esperance des Taxis Motor au Rwanda*). Anyone who has visited an African country will not have missed the seemingly endless number of motorcycles and motorcycle taxis to be found on city streets. Kigali, Rwanda's capital city is no different. Here, amongst the jostling traffic, can be found the yellow tunics of the motorcycle drivers of Assetamorwa, which is now a popular cooperative and trade union.

Before the creation of this organization drivers were very vulnerable. Historically bicycles were used to carry goods to and from markets but the availability of motorcycles opened up new opportunities to offer expanded personal and business transportation services. The problem was cost. Getting access to credit to purchase a bike was impossible for most people. The best many could do was to hire motorbikes from the better off and pay extortionate rental fees. After paying the owner, the petrol, and buying food, drivers were bringing home roughly 500 Rwandan francs per day – less than \$1. However those that owned their own bikes were able to bring home \$2 or \$3 per day.



With their distinctive yellow tunics, members of Assetamorwa can identify each other and give help when needed.

© Stirling Smith

Other issues concerned crime: people can be injured or murdered for their bikes; personal injuries: these are easy to sustain with long working hours on terrible roads and long-term illnesses. Many drivers spent days and nights driving in heavily polluted areas where various noxious agents contained in fuel, including lead, contaminate the air. Nearly 85% of motorcycle taxis are likely to run on adulterated petrol. The resulting pollution can cause rhinitis and cancers.

A further obstacle faced by unorganized drivers can be the actions of local government. For example, city councils tend to regulate such organizations and legislation, such as making the wearing of a helmet compulsory for both the driver and passenger and the compulsory possession of an up-to-date driving licence can be a real problem. Meeting these requirements costs money, something most drivers did not have.

When the drivers faced such problems they recognized that it would be in their interest to combine together as a trade union and now that Assetamorwa is so well organized, many of these problems have been overcome. For example, limits to the working day have been agreed and the organization collectively set itself these objectives:

- To combat unemployment.
- To improve the image of public transport operators.
- To fight HIV/AIDS amongst public transport operators.
- To fight ignorance.
- To strengthen unity and promote reconciliation among public transport operators.
- To teach public transport operators the Highway Code.
- To establish insurance for public transport operators.
- To fight for the security of public transport operators and their passengers.
- To fight for the good of the passengers – to prevent them from being robbed.

Good progress is being made on all of these issues and economic disadvantage has been tackled too through cooperation. Assetamorwa now uses the tontine system. Tontine is a system of forming small well-organized and well-managed groups (there are currently 18) and collecting small amounts of money from individuals. 'Tontine' (or money from the fund) is used to purchase a motorbike. Money is then given to each of the group in rotation. This allows the acquisition of expensive things for poor people.

A school and garage

Assetamorwa also trains young drivers, runs a garage and spare parts depot and negotiates with the traffic police. The 2,500 members are encouraged to participate in savings and credit cooperatives and this enables them to access long- and short-term loans as a proportion of the shares they own. Assetamorwa has been able to buy 57 motorcycles for members to use. Otherwise, they have to rent their bikes by the day from an owner, which means less income for the drivers.



The Assetamorwa training school provides a passport to livelihood as a taxi driver.

© Stirling Smith

The members of Assetamorwa are conscious of the need to help young people. The union has therefore established an 'Auto Ecole' – training school – where students can learn their 'trade' in classes such as the Highway Code and basic mechanics.

The graduates of this school receive ready acceptance by the authorities and are given a licence to operate. Other achievements include:

- The provision of equipment and uniforms for the public transport operators.
- The creation of a club to combat the spread of HIV/AIDS.
- A savings and credit initiative.

The savings initiative is particularly successful. Members contribute 200 Rwandan francs per day (roughly \$0.50) to Assetamorwa. 75 per cent goes into the operation of the organization and 25% into a savings account that

belongs to the member. A health and insurance fund has been formed from these savings and the next aim of Assetamorwa is to open a village bank.

One area where Assetamorwa recognizes the need for change is gender equality. More women need to ride motorcycles on the streets of Kigali! However Assetamorwa is a living example of how cooperatives and trade union ideas can combine together to help to empower associations of the unorganized poor in the informal economy.

Thanks to Assetamorwa, I have the chance to buy my own bike. We support each other and the union negotiates with the traffic police. All motor cycle taxi drivers should join.

Joseph, a member of Assetamorwa.

Hope

AMIZERO, which means “hope” in the Rwandan language, is a support group for the widows and orphans of the genocide, which killed one million people in 1994. Rape was also used as an instrument of the genocide, so some of the women are HIV positive. AMIZERO assists them by setting up small income generating schemes, which take the form of cooperatives. One group in Gatenga, a district of the capital Kigali, grows and sells vegetables. Another group collects and recycles rubbish but is in urgent need of personal protective clothing.

Thanks to greater social mobilization, cooperatives have been able to bring together many women in particular who were the victims of rape during the genocide and whose husbands have either died of or are still ill with HIV/AIDS. The cooperatives have been able to mobilize them for voluntary screenings and then, in the case of women who are ill, get them medical treatment.

We have a recycling project, of waste material, for women and young people in difficulty. In this project, we have taken in women who have tested positive, women who have been widowed, women whose husbands are in prison, single mothers and children who are heads of the households. In the project we collect waste from families in Kigali, because there are no public dustbins, the waste is then turned into compost. We are waiting to find a machine to produce fuel briquettes

because the energy problems in Kigali are quite critical. With the other group, another group of women, they grow vegetables, we use the compost produced by the first group, the second group grows vegetables and a third group sells the vegetables that have been produced by the other group and we think that by interacting, all the women's groups will find proper, permanent employment in order to solve their health problems and their children's schooling problems and the 3 primary needs.

Florida Mukarubga, an office bearer in Amizero



Members of the Amizero Woman's Association in Kigali, Rwanda, are making their living out of recycling household waste.

© Stirling Smith

Case Study 3:

Tanzania – Chama cha Kuondoa Umasikini (CHAKU) or, the “Association for Poverty Eradication”

A Decent Work deficit

Tanzania is one of the poorest countries in the world. Roughly half the population subsists on less than \$0.65 per day, with 40% of Tanzanians unable to meet their basic daily needs. Life expectancy, which was 65 in 1990, is now 44 and expected to drop to 37 by 2010. Thirty per cent of Tanzanian children under the age of five suffer from malnutrition. The HIV/AIDS epidemic is the leading cause of adult mortality and overshadows Tanzania's development. Tanzania's orphan population is currently estimated at over 1.1 million, with over 50,000 children becoming orphans each year. Some of these statistics are the consequence of a national HIV/AIDS infection rate of 7%, which is not as serious as some other countries in sub-Saharan Africa, but still poses a huge challenge.

After freedom from colonization, Tanzania gave great support to the liberation of southern African states; but its main concern now is to try and meet the challenges of globalization. There are some improvements. Tanzania's literacy rate of 76% ranks well above the average literacy rate of 62% in sub-Saharan Africa. It is one of the best-governed countries in Africa, with a stable democratic system, regular elections and a free press.

The majority of Tanzanians depend on informal sector activities that make this a country ideal for the SYNDICOOP approach. SYNDICOOP's aim, to develop trade union and cooperative joint action for the alleviation of poverty amongst unprotected informal economy workers, has been met very successfully in Tanzania. Particularly impressive, as we shall see, was the Chaku Savings and Credit Cooperative Society (SACCOS) – an organization for own account employed workers. SACCOS can change people's lives and make the impossible happen. Loans from the SACCOS can help the poor

begin to trade (through accessing finance), develop a business or offer a lifeline in the case of an emergency.

In Tanzania trade unions and cooperatives worked strongly together throughout the project and successfully delivered appropriate skills training and knowledge dissemination to initiatives such as the Chaku SACCOS. Tanzanians are familiar with both cooperatives and trade unions – though the models they are encountering now are much less ‘state controlled’ than they have tended to be in the past. At one time cooperatives were the dominant model in the countryside and successful ‘fair trade’ coffee cooperatives continue to flourish there.

Banks are not for the poor

In the cities, life is difficult and intensely competitive. In Dar es Salaam most people scrape a living as petty traders, re-cycling metal, selling vegetables from barrows, boxes or stalls, hawking drinks and food by the roadside. It is a hand-to-mouth existence. To move forward economically, you need money and this is where the SACCOS helps. No bank will lend you money and you have no security to take out a conventional loan but with the SACCOS you join, save a little and then borrow more than your savings as a loan. SACCOS in turn receive loans from a range of sources including Savings and Credit Cooperative League of Tanzania (SCCULT), the apex organization for SACCOS in Tanzania. People pay high interest on loans, and SACCOS have insurance against bad payers. The small number of members, the cooperative, self-help ideals and close association, tends to ensure that loans are paid back with only a few defaulters.

The ‘Birth’ of CHAKU

The beginnings of Chaku group go back to the year 2002, to a group of 4 youths who had formed a Group called SIMAYE to contract with a municipality for waste collection in the Sisi kwa Sisi neighbourhood in the Manzese area of Dar es Salaam.

They were surprised to find that many of their clients were reluctant to pay the small weekly fee of 100 Tanzanian shillings (less than 10 US cents) for the waste collection service, citing poverty as the reason.

When talking about this problem to one of his friends (who happened to be a member of a neighbourhood SACCOS in another area of Dar es Salaam, the SIMAYE group leader John Ndomba learned and saw for himself how such an organization could empower poor people to escape the poverty cycle. John resolved to promote the formation of a similar SACCOS in his neighbourhood, since it could help the SIMAYE business.

The formalities of establishing a SACCOS, starting with getting advice from the Municipal Cooperative Officer, took several months to complete, until a first founders meeting was held in April 2003, with the cooperative officer presiding over a meeting with a quorum of 35 out of the 60 registered founder members of CHAKU SACCOS.

In this meeting, the founder members were introduced to the principles and practice of cooperatives, and oriented to the requirements for establishing a SACCOS.

With assistance from a University graduate, the organizing group prepared a constitution, budget and work plan. A second meeting of founder members was held in June 2003 (again with the cooperative officer presiding), to read and approve the documents.

The process of registration as a full SACCOS took another two months, after which the Registration Certificate for CHAKU SACCOS was presented to the group. At that time, the SACCOS had 260 members (73% women), and was 'informally' already providing savings and credit services to these members.

Following their launch, the leadership started recruitment of new members, and sought help from SYNDICOOP, and also with SCCULT. SYNDICOOP provided training for 20 group members in 2003 and later offered loans amounting to 3.8 million shillings.

Once CHAKU got involved with SYNDICOOP the SACCOS grew even further. Membership training was held which covered cooperative start-up and operations, trade union start-up and operations and entrepreneurship, or "business start-up and operations". Training of Trainers sessions were also delivered to enable future capacity building and a loan was agreed from the SYNDICOOP revolving fund for pilot projects. Members agreed that they could not have moved the SACCOS forwards if they had not received such training.



When women make extra money thanks to their participation in SYNDICOOP, the priority expenditure is on education. The school is supported by a loan from a SACCOS.

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CHAKU is now a very successful cooperative with membership standing at more than 800. Indeed demand for participation and loans now outstrips the capacity to supply and this is a problem that will need to be resolved. To date, there have been many beneficiaries. One is Rehema Tulieni, a small businesswoman who is a member of CHAKU SACCOS as well as the trade union, Conservation Hotels and Domestic Allied Workers Union (CHODAWU).

Rehema joined CHAKU SACCOS, and secured a loan of 50,000 shillings, together with five other people in her solidarity group. She had to pay back the loan after 25 weeks from the date of borrowing. Today, after a period of one year, her business capital has increased from 30,000 shillings to 120,000 shillings, and her business profit margin from 15,000 shillings to 30,000 shillings per week.

Rehema has now found extended rented business premises and created employment for two people who now work in her grocery business. She has sent her daughter to secondary school and supports her family of six.

Rehema is one success story amongst many. Before the SACCOS and SYNDICOOP involvement, Rehema would never have been able to achieve what she has achieved. She knows she still has much to do. She needs continuous training in business skills and her workers need customer care training. Rehema believes that SACCOS will help to fight poverty among unprotected informal economy workers.



A loan from a co-operative has helped these women set up a cafe for users of the market.

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People like me could never get a loan to start or improve our own business. We did not have the knowledge to run a business properly. The loan from the SACCOS was easy to get and the interest is affordable. SYNDICOOP gave us training. I did not know before that trade union cared about people like me.

A SACCOS member

This project has played a positive role in developing Decent Work. Trade unions and cooperatives have worked together to develop and support a practical response to the ravages that globalization and liberalization causes. They demonstrate that alternatives **are** possible.

CHAKUA SACCOS is only one of the groups helped by SYNDICOOP.

Most of our members, they don't have a job, they have to make a small business like selling vegetables. The reason for setting up was to create employment, such as selling charcoal.

Sophia, a member of an informal economy group.

Case Study 4:

Uganda

Uganda is a small, landlocked country with a population of approximately 26 million (2005). The economy is dominated by agriculture and informal work. Over 80% of the working population live in rural areas and only 8% of the labour force works in the industrial sector in Uganda's main cities like the capital, Kampala.

Uganda is also a very poor country and is ranked 144 out of 177 countries in the United Nations Human Development Index.¹ It is a country of subsistence farming, child labour is common and the informal sector is large. The vast majority of those working in the informal sector work in trade/restaurants, selling second hand clothes and shoes and in food processing. Informal sector workers face numerous problems from underemployment, a lack of appropriate skills, limited financial input/working capital and exploitation through poor organization. According to some estimates un- and under-employment is at least 40%, and with Uganda's labour force growing by 3.4% annually, there may be up to 600,000 new labour market entrants every year. These need jobs, and the formal economy just does not provide them.

As in other countries involved in the project, trade unions and the cooperative movement have worked together very productively in Uganda during the SYNDICOOP project. Since the independence of Uganda from British rule in 1962, both movements have experienced periods of intense repression and government interference.

Although privatization has created many challenges, the Ugandan trade union and cooperative movements have both benefited through their involvement in SYNDICOOP. For example, trade unions have increased their membership and are reaching the unorganized poor and cooperative,

¹ The human development index (HDI) focuses on three measurable dimensions of human development: living a long and healthy life, being educated and having a decent standard of living. Thus it combines measures of life expectancy, school enrolment, literacy and income to allow a broader view of a country's development than does income alone.

self-help and alternative economic ideas are proliferating. Trade unions and cooperatives are now, as a result of projects like SYNDICOOP, associated in the public mind with the fight against poverty.

The previously unorganized poor have started to feel the advantages of the SYNDICOOP approach and of cooperatives and trade unions working together. Women in particular have benefited from SYNDICOOP. Their representation in both the trade union and cooperative movements had previously been negligible – despite their overwhelming representation in the informal economy. Now, although there is still work to be done, SYNDICOOP's gender mainstreaming policies² are helping to challenge this inequality.

Over 15 groups were targeted and supported through capacity building by the Uganda SYNDICOOP project. They ranged from Cooperative Village Banks and SACCOs to dedicated women's cooperatives.

Small loans make a big difference

Sibbanga SACCO in Mbale District is in a remote area on the border of Uganda and Kenya. This SACCO has a membership of 158 – 42 women and 116 men. Sibbanga SACCO received a loan from SYNDICOOP's Revolving Fund, so could make loans to 35 members of the group – 15 women and 20 men received loans.

The largest loan is only a few hundred dollars, and many are smaller – just fifty dollars. What do members of the SACCO do with these tiny amounts?

Mr Mwisako used his loan to start a business producing and selling chapattis, now the best in the area.

I am a qualified nurse and left my job with the government to start my own clinic. The loan has helped construct a waiting room for patients. Here, in a remote area like Sibbanga, people have no access to government medical services without a long journey. My clinic saves them a long journey; the charges are affordable as well.

Thabbisah

² Gender mainstreaming creates a supportive framework to ensure that gender issues and concerns are integrated and addressed throughout all project activities and outputs.

I got a loan from ILO-SYNDICOOP and bought good quality maize and beans. I planted them on two acres of land and they are doing very well – I expect big yields. As a result of the loan, I have hired five people to assist me till the garden and plant as well.

Florence Luswetti

Tiny loans, big results

It is the repeated success of small loans creating livelihoods for people in rural areas in Uganda that demonstrates the SYNDICOOP model is not just for the urban informal economy. Three stories from a field report of Bugiri SACCO illustrate the point.

- Samanya, for example, was one of the pioneer members of Bugiri SACCO, who had managed to open up three types of business (rice processing, maize processing and furniture workshop) because of commitment, sensitization and advice he got from the staff of Bugiri SACCO. This he did through savings, which accumulated, and then he added on a loan from ILO-SYNDICOOP.
- Another member Mrs Theopista Mayende also saved through her SACCO and she bought a motorcycle for a special hire business. This has helped her to boost the family income and her husband is very happy.
- Rose Wandera, another member of Bugiri SACCO, went in for making bricks. She got the idea when she joined as a member of Bugiri SACCO. The business is doing very well, and her income has increased.

One project, NARU SACCO, illustrates the power and possibilities of organizing. As a SACCO, the group attracted 2,000 members across four districts. Members were able to access credit and take out loans. Not content with this, a group of women decided to develop a clinic that would offer primary health care services to the local communities. 10 women are now trained to work in the clinic. When it began, the clinic helped twenty people a week, but this figure trebled very quickly. SYNDICOOP has helped the project through funding improved facilities, supplying technical support, encouraging saving and facilitating training.

This project and clinic offers a very important resource to women but it has also been incredibly valuable in terms of raising the status of women and

offering them new training and skills development. Women have been involved in delivering as well as running the programme. The work of the clinic includes a full health service for women and the sale of subsidized drugs. The group has also focused on the health education and protection of girl children. Crucially the project has attracted government interest and has become a vital and important resource for poor women and girls. As well as offering training, practical help, capacity building and education, it empowers.

The SYNDICOOP approach has also helped trade unions to work with unorganized workers on health and safety and labour standards issues. For example, one trade union observer revealed how at one farm she saw:

One of the members working in a dusty place involved in processing the rice, separating of the husk from rice. He was totally covered up in dust the whole atmosphere was brown, full of dust. But ... He was not protected! Breathing in this dust for along time, ... will amount to his lungs and kidneys getting affected

Because of the new links between trade unions and unorganized workers, positive interventions to improve working conditions becomes possible.

Members in other successful SACCOS (such as that at Aminanara) have now started a 'Boda boda' (bicycle) business; market stalls selling fish, tomatoes, cabbages, and old clothes; a chemist and a beer shop.

A final example of a successful SYNDICOOP supported project is **Magale SACCO**. Here members have developed a huge range of businesses and participate in the following activities: Retail, farming (maize, beans, cabbages, onions etc), storing and selling of charcoal, coffee and maize selling, hotel ownership, tailoring, brick laying and selling and bee keeping and honey production.

Mr Masaggali Augustine is a farmer who received a loan and advice from SYNDICOOP he had already planted 3 acres of maize but he needed help. Once he became a SACCO member he got ideas which helped him improve on his farming and hence his profits. He can now pay school fees for his children in good schools and buy them clothes without any problem.

Another member, Sarah Magana, was jobless when she joined Magale SACCO. She had always wanted to start a hotel business so received a loan. The hotel is now doing well, she has returned the loan and is making a good living.

These are just two examples of how the SYNDICOOP approach is empowering previously unorganized workers. Everyone is benefiting from SYNDICOOP – trade unions, the cooperative movement and most importantly, the poor.

Abbreviations

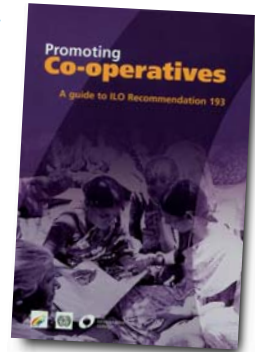
ACTRAV	Bureau for Workers' Activities of the ILO
CESTRAR	Centrale des Syndicats des Travailleurs du Rwanda
COOP	Cooperative Branch of ILO
COTU	Central Organization of Trade Unions (Kenya)
FAO	Food and Agricultural Organization of the United Nations
GUF	Global Union Federation
ICA	International Cooperative Alliance
ICFTU	International Confederation of Free Trade Unions
KUSCCO	Kenya Union of Savings and Credit Cooperatives Ltd
KUSASA	KUSCCO SACCO Savings Account
MDGs	Millennium Development Goals
NGO	Non-governmental organization
NOTU	National Organization of Trade Unions (Uganda)
OMOV	One member one vote
PRSP	Poverty Reduction Strategy Paper
SACCO	Savings and Credit Cooperative. In Tanzania, they are called Savings and Credit Cooperative Society, or SACCOS. Also known as Credit Unions in some countries.
SYNDICOOP	A joint ILO-ICFTU-ICA approach to the informal economy. Derived from syndicat, the French word for trade unions, and cooperatives.
TUCTA	Trade Union Congress of Tanzania

Recent Publications

Some recent publications produced in conjunction with the ILO and available from the Co-operative College bookstore <http://www.co-op.ac.uk/store.asp>

Promoting Co-operatives A guide to ILO Recommendation 193

The ILO's 2002 Recommendation on the Promotion of Co-operatives is a new, internationally agreed template for national policy. This guide will help co-operatives, governments, employers' and workers' organisations work together to understand the Recommendation and how it can be used to realise the potential of co-operatives for the 21st century.



HIV/AIDS and Co-operatives

Andrew Bibby

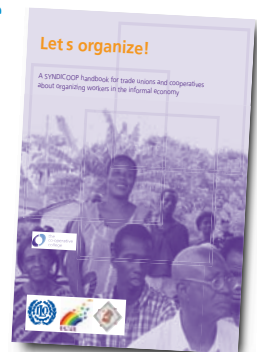
Cooperatives, as democratic member-led businesses, subscribe to a set of beliefs which give them a particular reason to want to address the issue of HIV/AIDS. HIV/AIDS poses some extremely difficult challenges to co-operatives in many parts of the world, but cooperatives are responding using their strengths - of economic activity, democratic accountability and commitment to community - to fight back.



Let's Organize

Stirling Smith

The majority of workers today are in the informal economy. They have to get whatever work they can. It may be hazardous; it may mean that they cannot spend time with their families; it may not match their skills and it almost certainly will not provide earnings much above subsistence level. This manual develops the SYNDICOOP tools and lessons and is meant for use wherever trade unionists and cooperators want to work to organize workers in the informal economy.



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