

# Social Economy and Development Co-operation

Hans-H Münkner

Despite large sums spent over decades on development aid, almost half the world population remains poor. This paper discusses how the fight against poverty and hunger can be made more successful. What should the concepts and goals of development co-operation be? Instead of aiming at growth based on neo-liberal concepts and most modern technologies benefiting only few, it is proposed to build on a broad-based social economy remaining part of a modern market economy but closer to indigenous values and norms prevailing in rural communities in many countries of the South. In economies where labour is abundant and unemployment is high while capital is scarce and expensive, it may be more effective to concentrate on laying the foundations for long-term local development and to agree on new ways of using surplus for sustainable development rather than aiming at short-term shareholder-value. Development co-operation could help to create conditions which allow readjusting important parts of the economy to serve the needs of the communities and to create employment for the people living there.

Focus should be on long-term programmes rather than on short-lived projects, adjusted education and training programmes for which appropriate trainers have to be trained, labour intensive 'middle' technologies compatible with local conditions, appropriate education and appropriate forms of organisation, preferably based on self-help in groups. The message is to point out ways to enable the poor to overcome poverty by co-operating, developing their own strength and better use of their own resources.

## Interpretation of the Topic and Structure of the Paper

Despite billions of Euros and Dollars spent for development aid, the masses of people in the countries of the South still remain poor. The millennium goals of the United Nations to reduce the number of the hungry people in the world by half has not yet been reached. In many countries of Sub-Saharan Africa, the situation of the majority of the people has deteriorated rather than improved. It was the declared goal of the Food and Agriculture Organisation of the United Nations (FAO) to reduce the number of people suffering from malnutrition from 800 million to 400 million between 1996 and 2015. However, instead of an annual reduction of these people by 20 million, the actual reduction of the undernourished people has reached only about 8 million (cf Frankfurter Allgemeine Zeitung, 1999). Almost 3 billion people, ie half the world's population has to live on two US Dollars or less per day (Kofi Annan). About 80 per cent of the population of the developing countries has no access to clean drinking water. FAO calls it unacceptable that one sixth of the world's population suffers from hunger (cf FAZ, 2009) and its Director General Jacques Diouf calls for strong efforts to improve the world food situation by investing more funds in agriculture, which during the past years have not increased but have rather strongly decreased. In the fight against hunger, women play a key role in agriculture. Therefore, it is essential to strengthen women's rights.

From a pragmatic point of view and with a realistic assessment of the possibilities of

development aid, which today is often referred to as 'development co-operation', the following can be stated: Many projects have had planned and unplanned results with partly positive but also partly negative side-effects (Münkner and Jeetun, 1986). Apart from deficiencies regarding the policy concepts, which will be dealt with later in detail, one important reason for the discouraging results of development co-operation is the misdirection of funds due to corruption (expenditures used to speed up decisions). Those who benefit most from development co-operation are often 'development brokers', ie intermediaries or middle-men, operating on many levels between donors and recipients. In the 1960s the French publishing house Maspéro published a book with the title *Who feeds himself on the hunger in Africa? (Qui se nourrit de la famine in Afrique?)*.

There is sufficient reason to ask the question again raised by Brigitte Erler (1985) in her book *Deadly Aid (Tödliche Hilfe)* and to ponder over the direction which the development of the countries of the South should take; what kind of development co-operation would help and what kind of aid would have negative effects.

What should the goal of development co-operation be? Should the developing countries develop into 'modern' states by creating European conditions, to integrate them fully into the market economy to enable them to compete in globalised markets, while planning for continuous growth by counting on investors and capitalism? Is the task to proceed from a subsistence and barter economy directly to a market and monetised economy, by putting existing resources to best possible use in a

professional way? To turn forest areas into farm land (to empty the forests – vidage des bois), to turn village land used by the villagers for local agricultural production into large plantations managed by international agribusiness firms (putting the resources to value – mise en valeur)? The technical language reveals the spirit behind the programmes while revealing the spirit behind the words.

It has proved in practice worldwide that capitalism cannot always offer satisfactory solutions to the great challenges of our time: How to deal with climate change and global warming? How to create decent, socially and ecologically adequate possibilities for the masses of population, to earn their living by their own work? Instead, in many developing countries there is an uncontrolled capitalist growth, benefiting only a few. Private ownership of the means of production, individualism and personal greed are expanding. Collectively used village land is expropriated by the state and sold to foreign investors. The gap between the poor and the rich is growing. This means that the masses of the rural population are to lose the basis of their livelihood (rights to land use). The results are inability to meet basic needs, malnutrition, high infant mortality, low life expectancy and bad infrastructure. Are there other alternatives?

As in industrialised countries, where it is proposed to introduce a different, more humanised form of economy, the same could be suggested for the developing countries, where Social Economy would be closer to the indigenous values and norms – the *economy of affection* (Hydén, 1980) with its rules for the mutual sharing of economic surpluses. The social economy within the framework of a market economy with strict adherence to the rules of efficient use of scarce resources aimed at local self-sufficiency, with appropriate technology offers a different way of using surpluses made. This is an economy aimed at satisfying human needs rather than at profit making for rent-seeking investors. Such a social economy at community level is not meant to replace capitalism but rather to offer an alternative within a pluralistic economic system, as a form of social and economic organisation better suited to solve the development problems in rural and semi-urban areas. In many places, the fragile social, economic and ecological balance has been disturbed by new trends: population growth, conflicts between indigenous and

imported values and norms, scarcity of arable land, decreasing fertility of soils, dependence on distant markets, young people leaving rural areas, uncontrolled urbanisation with growing slums and squatter settlements.

According to estimates of the United Nations, the current number of about 830 million slum dwellers and squatters will grow until 2020 to almost 900 million people (FAZ, 2010). Often the old order of things is destroyed without creating a new, appropriate and functioning order. As a result, zones of lawlessness are emerging and vicious circles of poverty developing which are hard to break up.

Instead of becoming dependent on investors, on boundless markets and on relying on the model of capitalist-industrial growth with state controlled development programmes, the alternative is to build on self-sufficiency and local autonomy, to build on local values and locally controlled rights of the use of land with the obligation to share surpluses made among the members of largely self-administered village groups, living and producing jointly, using modern but appropriate technologies, which can be controlled and maintained at local level and which work without high follow-up cost.

The search is now on for alternatives, which allow the readjustment of important parts of the economy to serve the needs of the community and to create employment for the people living there. Classic co-operative approaches tested for more than a century could serve as sources of inspiration.

This paper is subdivided into four parts. After an introduction describing the problem area dealt with, key terms of the topic are then defined with special reference to the countries of Sub-Saharan Africa: development, development co-operation and social economy. This is followed by a short description of the most important problem areas with which development co-operation has to deal. Suggestions are made for use of the chances which promotion of social economy can offer for development co-operation and it is proposed how to avoid mistakes which until now have been typical for development co-operation in many fields.

## Key Terms

Development means the promotion of the capabilities of people to deal with changing conditions, the decay of the 'old' social order and

the adjustment to new requirements such as the growing mobility of capital, labour and knowledge. For the masses of the population in developing countries living in the rural areas and working in the informal rural sector, development efforts cannot be unilaterally oriented towards development of investor-driven enterprises initiating, accelerating and securing growth and the capacity to compete on international markets and on earning maximum return on invested capital.

Turning village land into state land and giving user rights to foreign investors for creating plantations with the industrial production of cash crops, employing few skilled workers but many unskilled seasonal farm hands, does not create conditions for development offering long-term benefits for the masses of the population.

Sustainable rural development means better use of available resources mainly for meeting local and regional needs, improving the production methods of peasant farmers by giving them access to modern technology, seeds, fertiliser, encouraging co-operation among small farmers, improving infrastructure and linking farms to markets.

The advantages of local production for local and regional markets are obvious. Securing local jobs and local purchasing power, reducing transport costs, and the use of energy and contributing to ecologically sound farming. The Food for Work Programme of the ILO can serve as a good example for such development co-operation.

The concept underlying the new Common Agricultural Policy (CAP) of the European Union is another example of appropriate development co-operation. Instead of promoting agricultural development by subsidising production, encouraging farmers to produce more than the market needs (mountains of butter and lakes of milk) causing large storage costs and further subsidies to find external buyers, the subsidies offered under the new CAP are linked to the land that the farmers use and the efforts they make to maintain the ecological balance in rural areas, while creating jobs outside agriculture and keeping villages habitable. In addition, the new CAP has a component for supporting local initiatives aimed at creating self-help organisations (Deutscher Bauernverband, 2005).

### **Development co-operation**

What started in the 1960s as development aid is now usually called development co-operation,

subdivided into the categories of financial co-operation, technical co-operation and personnel co-operation, ie co-operation in providing staff. Other categories are development business and humanitarian aid in case of emergencies (cf Hagelüken, 1995; E+Z, 2004).

In the ideal case, the change in terminology from development aid to development co-operation means more than a change of words. Development aid started as a policy of simple give and take, with active donors and passive beneficiaries. Development co-operation describes a more complex relationship between partners in development, with an active role of the recipients in designing the concept for their own development, adjusted to their needs and prevailing conditions, and taking the know-how of the donors into account.

Technical co-operation aims at elaborating solutions for development co-operation, based on the knowledge of experts usually coming from industrialised countries and includes programmes strengthening local and regional organisations. It mainly consists of the following services (BMZ, 1994):

- Offering and/or financing advisers, trainers, experts and other technical personnel.
- Providing or financing equipment and materials for the institutions promoted and for the staff provided.
- Granting subsidies and paying salaries of local and expatriate staff employed by the recipient country.
- Training local and expatriate staff and specialists in the recipient country or in other developing countries (South-South co-operation) or in industrialised countries, eg Germany.

In the context of the topic of this paper, personnel co-operation supporting technical co-operation is of particular importance.

Personnel co-operation includes training of local staff and sending experts from industrialised countries (cf Danckwortt, 1973), operating in projects or programmes integrated in the administration of the recipient country. In the language of the German Agency for Technical Co-operation (GTZ, now GIZ) this is called "sending experts"; in the language of the German Volunteer Service (DED) this is

“offering access to technical staff”.

There is a general trend in development co-operation to place more emphasis on local technicians, because after decades of education and training of local staff progress has been made in training local specialists for the simple reason of cost.

In personnel co-operation, it is important not only to inform the specialists on the concepts, advantages and working conditions of social and community based economy, but also to give them solid training in this particular subject matter. Examples of the past are the programme of the Central Committee of German Co-operative Federations (Freier Ausschluß der deutschen Genossenschafts-verbände) and of the Federal German Government (1962-1963) to train 20 co-operative advisers for developing countries, in which the author of this paper participated and the degree course in co-operative economics at Marburg University (1964-2002) with the Institute for Co-operation in Developing Countries (ICDC), in which the author of this paper worked from 1964 to 2000 and of which he was the director from 1992 to 2000. In this multi-disciplinary degree course about 250 specialists mainly from Africa and Asia were trained. Many of these co-operative economists are still active in their countries of origin (cf Institut für Kooperation in Entwicklungsländern, 1991; Institute for Co-operation in Developing Countries, 2000).

### **Social Economy**

In France, a distinction is made between Social Economy (*économie sociale*) and Economy based on Solidarity (*économie solidaire*), covering mainly smaller, locally rooted initiatives (cf Jeantet, 2008). According to the French Charter of Social Economy of 1982 (Münkner, 1995), the enterprises of Social Economy are defined by their internal democratic structure with equal rights and obligations of all members, who are linked to each other by solidarity, voluntary association and efforts for continuous education and the training of all participants. They follow special rules regarding the acquisition of gain and the disposal of profit (surplus), which mainly should serve to secure the stability of the jointly owned enterprise, to improve the services offered to members and to develop society. Making and distributing profit for individual enrichment is rejected. The goal is to serve **Man**.

## **Problem Areas**

### **Social Economy as a Means to Achieve Sustainable Development**

What are the criteria for developing special economic solutions with social objectives aimed at benefiting poor, excluded and disadvantaged people?

This short survey does not allow a discussion of the differences between Social Economy and the solidarity or community based economy in detail.

In Social Economy the focus is not on capital and profit, but on human beings and their needs. Following the ideas of social reformers of the nineteenth Century (Owen, the Rochdale Pioneers), Elsen (2007) defines the community based social economy as local, needs oriented form of doing business, building on the capacity of civil society to create institutions and forces of self-organisation, fighting against expropriation and privatisation (Elsen, 2007:50). Further characteristic features of the social economy are: uniting forces, collective acquisition of rights, capabilities and resources as well as improvement of access to common means of livelihood through voluntary co-operation. This is achieved by creating self-governed rural and urban organisations having as their objective the survival of their members by joint production as well as distribution and joint use of the goods and services provided (Campfens, 1999).

The concept of Social Economy is of special importance for developing countries. It allows linking up with indigenous values and traditions of co-operation, finding a synthesis of ‘old’ and ‘new’ (imported) values in the fields of education and training, management, use of resources and allocation of economic results of common efforts. In Social Economy, the emphasis of development work can be placed on solving the problems of the lack of access to information, education, resources, markets and credit. This does not mean to turn away from the market and monetised economy and competition and investment in modern technologies. However, the main objective of Social Economy is to do business differently (*entreprendre autrement*) from the practices of investor-driven and profit oriented enterprises.

New, adjusted knowledge is generated by combining indigenous/local and ‘imported’ values and norms. This can only be achieved in a process of ‘knowledge sharing’ and by ‘learning

from the future', in interaction with external promoters having knowledge and experience in the 'modern' world. Such dialogue opens access to new knowledge without ignoring the wisdom of the 'old' rules and destroying the links with existing local structures.

### **Clear Views on the Possibilities and Limitations of Development Co-operation**

Instead of adopting 'modern' rules and proceeding on the way of an economy based on capital and profit without critical assessment, the staff of development agencies must be prepared to participate in the development of new, locally adjusted rules and to spread the knowledge so acquired. What is needed are promoters and 'development entrepreneurs' (cf Madjedje, 1999; Münkner and Madjedje, 1993; FAO, 1994), who know how to calculate, but who do not only see figures, who are not only 'profit oriented' (ie focusing on results that can be expressed in figures in terms of return on invested capital) but 'value oriented', ie to be entrepreneurs for whom doing business does not only mean to reach certain economic goals but also to achieve satisfaction of human needs, protection of the environment, social justice with regard to workers, business partners and customers, without losing from sight the need to cover operating cost.

What is needed are experts who do not come with ready answers, but show respect for the wisdom of indigenous rules, which presupposes that they know these rules and who are not convinced that their own values and norms are valid for all, but are ready to accept that other values and rules are also worth considering. Dr Mohammad Mahatir of Malaysia shocked European participants of a meeting of the Association of South East Asian Nations (ASEAN) in Bangkok with his statement that "Asian values are universal and European values are European".

### **Programmes Rather than Projects**

Lasting effects and sustainable results of development co-operation cannot be achieved by projects of short duration, but only by long-term development programmes. The development of infrastructures takes time and entails high cost of follow-up. There are positive examples like the Rural Transport Programme of ILO with a 'Food for Work' component and the participation of local entrepreneurs (cf for instance Catenacci, 2000) – a very successful

programme, which ILO abandoned in the 1990s, when a new Director General reoriented the goals and activities of ILO towards norm setting.

Another good example is the *Riz Nord* programme of the German Agency for Technical Co-operation (GTZ) in Côte d'Ivoire in the 1990s to rehabilitate irrigation schemes with the active participation of local village groups, in a programme area located around Korhogo, in a zone where the interests of herdsmen and farmers clashed and which was hit by civil war in 2008/2009.

This form of social ecologically friendly structural adjustment can only work slowly and accordingly has to be designed as a long-term programme. It is different from short lived projects, injected from outside and top-down like foreign elements and can best be implemented under a concept of locally rooted Social Economy.

Small producers and village groups working as communities for joint living and joint production are given the opportunity on the one hand to sell their products on local and regional markets and on the other hand can reach global markets by their integration into regional, national and international co-operative networks.

Positive examples of this effect are the producers of vegetables and fruits in Senegal and Burkina Faso, who produce against the season in industrialised countries of the North. In this way, local jobs are created both within and outside agriculture (eg processing and packing, storage and transport of produce). Another field of local social economy is the improvement of infrastructure with external financial support (building of roads, water and sewage management, supply of energy from renewable resources and creation of storage facilities permitting to avoid post-harvest losses), which can be carried out by small and mid-sized local entrepreneurs.

### **Adjusted Education and Training**

Changing the direction of the use of resources requires investment in the awareness of local people, rather than in equipment and buildings. Development of human resources (HRD) is among the services offered by development co-operation, focused on special target groups, which in part can be offered locally. Financial means for such locally offered services are less vulnerable to deviation into the pockets of development brokers and are more likely to reach the target groups. In HRD programmes

more of the resources invested reach the target groups, than in case of projects providing infrastructure, carried out by foreign contractors.

Adjusted education and training has to start with the training of trainers (cf Bradfield, 1970). First of all, the promoters themselves have to develop clear ideas about the purpose and goals for which education and training are to be designed. In case of education and training in development co-operation, HRD does not mean to transfer 'imported' values and norms to the students, eg the idea that the main objective of economic activity is to make profit individually, rather than to share the obtained results among all participants. It has been learnt from experience that education and training with unadjusted contents do not contribute to increase the level of knowledge in the village but rather motivates the students to leave the village in search of further training and greener pastures outside. Important topics for adjusted education and training programmes are health and nutrition and in the rural areas how to produce effectively and in an ecologically sound manner.

Topics of adjusted education and training with a background of Social Economy should be: how life in the village and production methods can be improved and how production can be organised more effectively. How can locally available resources be put to better use in an ecologically sound way? How can development be promoted? How can local organisations pursuing similar ideas and objectives join together, unite forces, pool resources and facilitate access to markets? The joint programme of the German Foundation for International Development (DSE) and FAO for Appropriate Management of Small Agricultural Co-operatives (AMSAC) or Gestion Appropriée des Coopératives de Petits Exploitants Agricoles (GACOPEA) in the 1980s and 1990s can serve as a good example (cf Madjedje, 1999; Münkner and Madjedje, 1993; FAO, 1994).

Functional literacy and learning the basic rules of calculation would for instance enable villagers to handle a scale, to note weights and prices as well as the names of drivers and number plates of cars picking up their crops. In rural areas of communities with many local languages and predominantly oral cultures without a tradition of writing, learning to read and write is of different importance than in urban areas. Where there are neither newspapers nor other printed materials in local languages, the

radio remains the most important source of information. In his book on education in Sub-Saharan Africa, Guy Belloncle titles the chapter on literacy with *Literacy to do what? (L'alphabétisation pour quoi faire?)* (Belloncle, 1984; see also for instance Krätli, 2010:18-20). For rural people in Sub-Saharan Africa the world of paper and writing is often reduced to the birth and marriage certificates, identification cards and tax documents (Belloncle, 1984:112).

An impressive example for 'knowledge sharing' in the context of establishing co-operative village stores in villages without shop, pub, post office, local transport etc is the *Rural Revival Programme* of the Plunkett Foundation, Oxford (Plunkett Foundation and the Countryside Agency, 2004). Groups of people interested in establishing such co-operative societies are offered an information, education and training package, consisting of four elements: access to information and advice, participation in a training course, visit to a successfully operating village store and a small amount of seed capital to start their own project.

Another example of 'learning from the future' is a programme for village volunteers, financed by a Norwegian Non-governmental Organisation (NGO) in collaboration with the National Federation of Agricultural Co-operatives of Senegal (UNCAS). In this programme, young volunteers proposed by a village are invited to participate in a training programme of several months in the field of village development. After returning to their villages, the village volunteers can apply what they have learned (eg production of onions of a quality meeting the standards of the world market or training in handicrafts) for their own benefit. The programme relies on multiplier and adaptation effects on the part of the villagers.

### **Appropriate Technology**

In development co-operation, the aim is not to introduce the most modern technologies in remote areas, irrespective of the existence of the necessary infrastructure and the follow-up cost. What is required is an appropriate technology, adjusted to and compatible with local conditions and preferably of local production, which can be serviced and repaired locally (see also Braun, 2010). Good examples of such appropriate technology are micro-hydro power generators, which are mounted on an axis and can be installed in a waterfall to provide electricity. Such turbines are produced in Nepal

and used in the mountain areas. Access to electricity changes the life in remote mountain villages considerably. There is light during evening hours, there are cooking and cooling facilities, electric equipment and tools can be used, etc.

Solar stoves for cooking with solar energy are another example. They do not only allow saving firewood, of which every African burns more than 1,000 kg per year, with all related ecological advantages. It also eases women's burden of work, by saving several hours daily otherwise needed to collect fire wood and to carry it to the house. According to an assessment of the Tällberg-Foundation in Stockholm, 700 to 800 million stoves burning wood and polluting the air could be replaced worldwide by ecologically sound solar stoves.

Simple storage facilities built from wood and locally produced mesh-wire could help to reduce the 30 per cent of post harvest losses in grain production from which third world farmers suffer. Donkey carts introduced in a Swiss development programme for rural craftsmen in Burkina Faso, Mali and Niger in the 1960s have become a popular and widely spread means transport in the Sahel region.

### **Appropriate Forms of Organisation**

The strength of enterprises in the Social Economy results from being locally rooted and generating benefits for their members. The rules of co-operation in groups with jointly owned enterprises have to be taught. People have to learn how groups and group enterprises work, how local communities for joint living and production can increase their efficiency by working together with other groups at regional level and by networking. In this regard, organisation models like associations and co-operative societies, but also specially designed forms of pre-co-operatives (Münkner, 1982) or simple economic groupings like the common initiative groups (groupements d'initiative commune) in Cameroon, introduced 1992 (cf Guillermou, 2005), are important.

International networks of co-operative societies (International Co-operative Alliance, ICA, Geneva, with regional offices in Asia and the Pacific, America, Europe and Africa and the World Council of Credit Unions, WOCCU in Madison, Wisconsin, USA) offer advice and assistance by establishing integrated systems of co-operatives.

## **Dangers and Benefits Caused by Development Co-operation**

### **Development Co-operation with More Negative than Positive Effects**

After five decades of development co-operation, enough experience has been gained to know which measures and projects of development co-operation are more likely to cause more damage than benefits.

- Education and training with unadjusted contents, often motivating students to leave their village or town with the effect that parents' savings used to pay school fees lead to students leaving their families to study further and to find employment in the cities or abroad.
- Introduction of new technologies and varieties of plants without regard to negative ecological effects, eg plantations of fast growing eucalyptus trees, needing large quantities of water, monocultures and irrigation schemes in dry areas, leading to deterioration of the soil and problems of water management.
- Food aid from European or American farmers' subsidised surplus production at prices with which local farmers cannot compete, disrupting local markets. Food aid must remain an exception in case of emergencies requiring humanitarian aid.
- External funds (cold money, ie money that is not socially controlled) channelled as credit schemes through existing credit co-operatives. The results of such schemes usually are that local people are less motivated to save and local credit co-operatives have to take over part of the cost and the full risk, because in such externally financed credit supported by projects or programmes, co-operatives are paid provisions usually insufficient to cover their cost (Balkenhol, 1999)<sup>1</sup>.

### **Realistic Goals of Successful Development Co-operation**

The best method of reducing poverty worldwide is to prepare the ground for sustainable local development. This can be supported greatly by promoting enterprises of social economy in a pluralistic economic system.

- Specially trained promoters and 'development entrepreneurs' can initiate the

prudent and slow change of mentality, values and institutions in dialogue with the target population thus initiating change from below and within rather than top-down and from outside.

- Adjusted forms of land reform, avoiding turning lands into a commodity to be traded in a land market, but rather guaranteeing those using the land long-term and safe/reliable user rights, with the proviso that land can only be transferred to foreigners (ie persons from outside the local group) on special conditions and for a limited period of time.
- Improving infrastructure by counting on local craftsmen and entrepreneurs, and by giving preference to locally available building materials (following the models of Rural Transport and Food for Work Programmes of the ILO).
- Community development by promoting locally rooted enterprises of social economy.
- Satisfaction of basic needs of the local population as the primary objective of development co-operation and as a precondition for sustainable development, sufficient food, clean water, decent housing and opportunities to find gainful employment in the community.

Most of these positive effects can be better achieved by promoting need-oriented enterprises of social economy than by introducing private or public enterprises financed by external funds and working according to the rules of investor-driven (capitalistic) enterprises.

## Final Remarks and Conclusions

In the course of development it is impossible to stop or turn back the clock. In times of globalisation of the economy and of modern communication and transportation technologies,

rapid change reaches even the most remote areas. However, the limits of growth and the dangers caused by full speed capitalistic development, focussing unilaterally on the return on invested capital in a capitalist order of society, cannot be overlooked.

Worldwide poverty cannot be alleviated by the transfer of resources to the poor. The fight for improved living conditions of people caught in the vicious circle of poverty can only be won, when succeeding to mobilise the self-help potential of these people and by showing them venues through which they can work themselves out of poverty, by counting on their own strength and by pooling their resources with other people living in similar conditions. Social economy and co-operative associations can contribute decisively to reach this goal. For the ICA the acronym COOP stands for

### Co-operating Out Of Poverty.

In a flyer published by the International Fund for Agricultural Development (IFAD) the message is:

“Enabling the poor to overcome poverty”

IFAD stresses that its work is based on the conviction that poverty can only be alleviated, if the poor become the masters of their own destiny. Priority in the work of IFAD is to help the poor to develop their capacities and to strengthen their own organisations, so that they can represent their interests effectively and overcome the obstacles, which prevent so many of them – and in particular women – to improve their living conditions.

By strengthening the position of women, IFAD tries to enable them not only to change their own lives and that of their families, but to strengthen the communities in which they live.

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## Notes

- 1 After evaluating several case studies, Balkenhol comes to the conclusion that capital injected from outside into credit co-operatives for supporting the poor is neither for the benefit of the poor, nor of the donors and the credit co-operatives themselves. There is high probability that the capital does not reach the intended target group. On the contrary, it has the effect of undermining members' saving efforts and their determination to pay back the loans. Furthermore, such credits, when granted with subsidised interest rates, disturb local financial markets.