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THE DEMISE OF CO-OP MOVEMENT IN LESOTHO AND ITS FAILURE TO TRANSFORM THE POOR PEASANTRY TOWARDS SUSTAINABLE DEVELOPMENT

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ABSTRACT

This desk-study research paper debates the role of Co-op Lesotho in the agricultural market of Lesotho and its constraints that led to its collapse. It thus provides an analysis of its contribution and how the agricultural marketing instruments that the government of Lesotho (GOL) applied through it influenced the market conduct, market systemic organization and market performance in national food self sufficiency, food security and poverty reduction/sustainable development. It reviews the function, marketing instruments and implications of the Co op movement in the context of how these changed since the market policy shift in 1995. It further presents and examines how crops (maize, wheat, pulses and vegetables) marketing of Lesotho is systematically organized within the role of the co-op in agricultural marketing. It analytically illustrates that both the marketing instruments and the role of the Co op as well as its management were flawed and had negative implications that contributed to its demise and non-attainment of national food self-sufficiency or food security and poverty alleviation or sustainable development, that is the transformation of the local poor peasantry.

Keywords: Cooperative/Co-op, Peasantry, Agricultural Market, Poverty, Food security, Market conduct and performance, Sustainable development.

GENERAL INTRODUCTION

This paper intends to provide an analysis of the role of Co-op movement in Lesotho in the national agricultural market. Co-op refers to the co-operation that may be regarded as an autonomous self-help organization or association of persons with limited means voluntarily uniting to meet their economic, social and cultural needs including aspirations. This involves forming a democratic institute with equitable capital contribution required, fair risks and benefits sharing for self-empowerment within dynamic technological, social, economic and political trends (Munkner, 1995). However, for Lesotho, founding of this as a national movement has been state-led ever since, without actually transferring full ownership to the producers to empower them, implications of which are debated. The paper examines Lesotho's co-op movement's constraints and marketing instruments as to how they influenced the market conduct and performance in food self-sufficiency, food security and poverty alleviation/sustainable development. It also reviews the marketing organization of crops as influenced by the Co-op movement in Lesotho before 1995 (SAPs/privatization) market deregulation era, since the 1966 political independence from the British colony. Most of the constraints to non-liberalized and liberalized marketing still form pre-eminence in this discourse. The guiding question in this discourse is what has been and ought to be the contribution of Co op Lesotho and what marketing instruments has GOL through Co-op Lesotho applied to influence market conduct and performance and as implications or impacts how have these changed since policy shift in 1995? The argument is that both the marketing instruments and the role of the Co op as well as its management were flawed and had negative implications that contributed to its demise and non-attainment of national food self-sufficiency or food security and poverty alleviation/sustainable development. Co-op Lesotho, once one main organizational body to support and facilitate agricultural marketing is analyzed in marketing context for NGOs to infer lessons even from pre-liberalization era as at times they may adopt such strategies in reducing widespread poverty. Realization of the constraints to the role of the Co op can enhance the capacity of the actors in agricultural marketing towards poverty reduction in terms of proper programmes and policy formulation, implementation and monitoring.

The paper's structure is as follows; after this introductory part, Lesotho's co-operative movement and crops marketing organization is discussed. This is where GOL acted through Co-op Lesotho with large-scale mills in the agricultural market. So as to illuminate on the constraints of Co op, the Co-operative movement evolution and constraints before Structural Adjustment Programmes/SAPs (1948-95) are also debated. Co-op Lesotho marketing instruments and the limitations before 1995 are also given. This part provides an analytic exposure of the marketing instruments that were used by GOL through the Co op. This is followed by Co-op and crops marketing organization before SAPs. Then, vegetables marketing organization and limitations through SAPs are reviewed. The export and import analysis is constituted by the Lesotho domestic crops production and imports as also influenced by the Co-op. It has also been essential to include the top-down relationship of GOL to producers in the Co-op and financial viability issues that were crucial to its sustenance but which were flawed and resulted in its demise. The role that ought to be played by Co-op Lesotho is discussed as enlightening lessons to the NGOs. Lastly livestock marketing is briefly reviewed together with the concerned constraints and Co-op's role summary.

BACKGROUND AND THE ROLE OF CO-OP LESOTHO

Co-op Lesotho has been a state establishment that played the dual role of functioning as the national resource for agricultural input and output marketing and as the national representative apex body for the whole of the co-operative movement nationally and internationally. It has been in existence since 1959. In 1981 it was amalgamated with the Produce Marketing Corporation (PMC) and now falls under the political minister responsible for Co-operatives and Rural Development with powers to make regulations and appoint senior officials and establish Co-operative Planning and Development Board for functions [ICA/FAO/ILO/ Moshi 1985-95].

Before 1981, Co-op dealt mainly with input provision. PMC was one responsible for marketing, established by GOL as a parastatal body in 1975 controlling prices and marketing of maize and sorghum. It is worth noting that GOL price control for maize and sorghum actually started earlier in 1973 and later in 1975 to reinforce price control role PMC was established but now with extended mandate for price control and monopoly purchasing and selling including peas and beans. Controlling of export and import of maize, sorghum, peas, beans lasted until 1981 when it got merged with Co-op Lesotho. It is interesting to realize that though Co-op was called an apex, itself and various integrated rural development projects served as agents to PMC. So, they brought peasants' produce to PMC for marketing later taken by Co-op in 1981. One may then say since 1981, Co-op supplied inputs and marketed crops. Livestock Produce Marketing Service (LPMS) in charge of livestock marketing was not directly under Co-op. What is important is that they were both GOL properties for market control. They implemented GOL gazetted prices. Co-op supplied inputs for LPMS and livestock farmers [Brokken, Swallow, Motsamai and Mpemi, 1986].

CO-OPERATIVE MOVEMENT EVOLUTION AND CONSTRAINTS BEFORE SAPS, 1948-95.

Initiation of co-operative activities may be said to have been around 1930's and 1940's though with insignificant effect. Earliest traditional co-operative methods included 'letšolo' (hunting group) and 'Letsema' (communal unit for labour intensive tasks) commonly for land tilling, hoeing, harvesting, threshing and house construction. Formalized efforts were embarked upon in 1948 under British protectorate pre-eminence and declaration of Co-operative Societies Proclamation Act No. 47. It included forming position of the Registrar for Co-operative Societies. This was later enhanced by 1966 enactment of Co-operative Societies Protection Act. The earliest primary co-operatives formed in 1948 aimed at marketing wool, mohair, hides and skins. Their apex body was known as Basutoland Co-operative Banking Union (BCBU) formerly instituted in 1957 but soon became dormant and had its registration cancelled in 1963 due to colonial political differences and counter to independence struggles (Co-ops often acted as trade unions and political entities that confronted white colonial trading monopoly and oppression)..The apex encountered financial losses by investing in unprofitable two storey building, Bonhomme House. The colonial mother body took deposits from peasants' primary co-operatives and financed inputs supplies, marketing and bulk-purchases of merchandise. Revival of apex body came in the same 1963 due to investments made in assets but now under Finance and Marketing Credit Union of Basutoland (FMCUB) as caretaker but faced similar counter political independence struggles. Setbacks were that training in co-operative law, management and accounting systems were never done [Lehohla, Lebusa, Lenka, Moteane, Lethunya and Mohau, 1993:11-13].

This was hasty lacking education and training top-down process meant for colonial resources expropriation that could not transform co-operatives and peasantry to sustainable agro-industrial sector. The non-market colonial influenced agricultural products' prices became a chronic state exploitative inherited market imperfection even after 1966 political independence, constraining transformation of the peasantry. Then 1970's experienced growth of diverse co-operatives for instance in credit unions, handicrafts, and poultry mostly consisting of women membership and others. Many of them were initiated under government control [ICA, 1985-95].

In context of different forms, political era of colonialism, post colonialism and relatively same functions of BCBU and FMCUB, Co-op Lesotho could be said to have existed since 1957. The national co-operative division was shifted from Ministry of Agriculture to Rural Development Ministry in 1979. The Division was later called Ministry of Co-operatives and Rural Development. Changes included extension to village-based management of agricultural input and output marketing resources and stores. Lesotho Agricultural Development Bank/LADB was established in 1980 to finance peasants and co-operatives. Government role and policy support strategy according to Third Five-Year Development Plan [1980-1985] was that at village level multi-purpose primary co-operative societies were to be established with minimum of 500 households. These were supplied with government managerial staff and operational facilities. Primary co-operatives on the basis of population density formed ward or district co-operatives. The apex, Co-op Lesotho supported the structure with agricultural marketing and input supply, savings, credit and banking and training of peasants, research and promotion of co-operative development and technical services. Massive work countrywide coverage (table1.) with village-based facility stations faced difficult co-ordination constraining non-liberalization [Lehohla et al, 1993].

Table 1: Lesotho Area Co-Operative Coverage Under Co-Op Lesotho 1993.

DISTRICT	**No. CO-OPS**	**MEMBERSHIP**	**CAPITAL SHARED**
Berea	27	5292	M366,541
Butha-Buthe	18	1197	M24,482
Leribe	29	7193	M716,457
Mafeteng	49	5451	M213,450
Maseru	66	11559	M1,587,109
Mohale's Hoek	23	3078	M232,724
Mokhotlong	8	1439	M52,695
Qacha's Nek	7	1091	M37,119
Quthing	9	613	M31,647
Thaba-Tseka	15	7701	M283,833
TOTAL	251	44614	M3,526,058

Source:Lehohla et al, 1993.

The table above covers all ten country districts co-operative associations composed of 84 credit unions, 80 farmers' associations, 11 poultry associations, thrift and credit 21, handicrafts 18, miscellaneous 37. All in all table above implies that co-operatives are more concentrated in capital city Maseru district with highest capital share. They are generally more in lowlands, less dense in highlands districts, Thaba-Tseka, Quthing, Qacha's Nek and Mokhotlong. Though Co-op had 44,614 households' total membership, non-members still marketed their produce through it.

Since co-operatives establishment was mainly top-down, peasants lacked original social and political will to work together. Limitations got accentuated by understaffing and unqualified resources mismanaging government managerial extension staff. Effective co-operative development was also constrained by lack of transport, resources and funds for GOL staff to facilitate viable co-operatives. Lack of adequate operational facilities stifled limitedly offered peasants' training programmes for creation of effective sustainable primary co-operatives. We formerly learned from above co-operative definition that it is a voluntary and not government driven organization. So, wherever they were created, members' commitment was lacking confirmed by irregular meetings and poor attendance. This impediment to peasants' co-operatives' progress was worsened by their improper maintenance of accounts limiting GOL interventions [Lehohla et al, 1993 and ICA, 1985-1995].

CO-OP LESOTHO MARKETING INSTRUMENTS AND LIMITATIONS BEFORE 1995

In Lesotho, the administrative price determined agricultural marketing performance to a large extent. GOL used to set fixed prices on crops through Co-op Lesotho marketing board. Limitedly, market interference with fixed prices, reportedly, often became higher than unregulated market prices and Co-op avoided losses by not purchasing farmers' crops. Farmers who got most severely affected were beans and peas producers as these are common cash crops in Lesotho for exports thus basically requiring more costly inputs. The unstable export market worsened matters. Co-op became unreliable to both export buyers and peasants. This created disincentive to produce and put in shambles former normative priority and collective value of national food self-sufficiency. Co-op increased peasants' risks as it became unreliable and could not transform peasants to agribusiness [Setai, 1984:28-29].

GOL prices setting on grains and pulses was seen more from 1973 when licensed private traders lost own price determination. So, trader licensing became instrumental as it enabled designation of private enterprises though it is commonly known that bribing works it through. Price regulation began with maize and sorghum. Private traders could only be agents of Co-op. Reason for ousting private traders was due to their reported unfair practices of buying from farmers at prices too below ones that could be determined by fair competitive markets and selling at unnecessarily too high price to regain transport costs [Brokken et al, 1986:6 and Setai: 1984].

From 1975 till 1993 before Co-op's collapse and its revival under SAPs in 1995, government set producer prices for wheat, beans and peas. In this period before 1995, peasants could only market through Co-op Lesotho and GOL large maize mills and flourmills. At harvest time grain prices were gazetted for the year to be implemented by Co-op and large-mills instrumentally serving as farmer co-operative and monopoly parastatal under GOL grip. This parity pricing was further reviewed in 1985 where then Co-op and mills could pay peasants set minimum prices called mill gate prices and less variable transport costs since GOL also owned and controlled delivery system. Large mills performed function of setting and enforcing quality standards of hygiene through grading as some instruments to influence market conduct and performance. Weekly agricultural radio programmes for improved information diffusion were also used to improve marketing though not every peasant has a radio or access to the free agricultural newsletter published in Agricultural Information Services based in afar Maseru city. So GOL controlled inputs supply, pricing, transport, processing and market information. Gazetted prices were set above import parity level with RSA. Pricing policy aimed at supporting and encouraging local production and protect producers and consumers from exploitative private traders [Brokken et al,1986, ASIP,1997, see Ellis, 1992:102-103].

Limitation to this policy could be that prices above import parity level encouraged smuggling in of (Republic of South Africa) RSA's produce to take advantage of local higher prices. Consumer welfare is lost here since it is not always possible for every nation to produce 100% of its cereals requirements as Lesotho could produce 60% to 80% around this period. Considering also that RSA's imported grains had their gazetted prices above 'world market' prices, GOL set prices were thus far above ‘world market’ prices. Export market for beans and peas also faced problems because high gazetted prices became unacceptable to RSA's processors in which case peasants took out to sell directly to exploiting processors. Co-op had no storing capacity to purchase pulses and store them until favourable prices could come, not forgetting storing costs implications. As peasants privately sold their pulses Co-op became unable to deliver for its export contracts [Brokken et al, 1986 and Mokitimi and Mochebelele, 1988].

CO-OP AND CROPS MARKETING ORGANIZATION BEFORE SAPS

Under above mentioned instruments of government declared grain and pulses prices and marketing ways, following quantities of three food grains and two pulses are shown below in tons and supply percentage;

Table 2: Lesotho Cereal Production By Crop And Marketing Agency/Organization 1982 In Tons

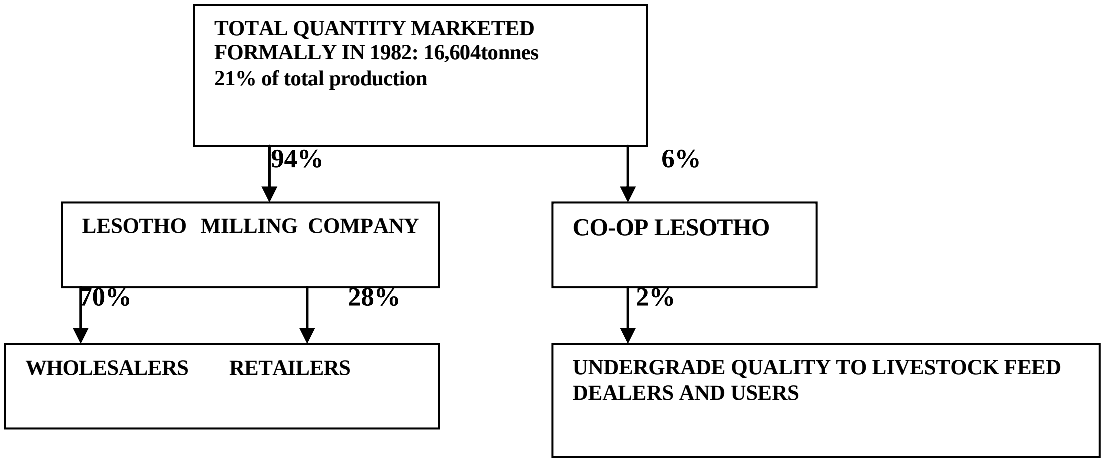
ITEM	MAIZE	SORGHUM	WHEAT	BEANS	PEAS
Local Production	79,825	26,014	14,462	2,621	4,552
Total Quantity Marketed	16,604 21%	27 0.1%	4,756 33%	465 17.7%	229 5%
Co-op Lesotho	981 6%	27 100%	616 13%	445 94.8%	229 100%
Lesotho Milling Company	15,623 94%	0	0	0	0
Lesotho Flour Mills	0	0	4,140 87%	0	0
Basotho Vegetables Fruit and Cannery	0	0	0	20 4.5%	0

Source: Brokken et al, 1986.

Table 2. captures Lesotho crops marketing organization. Mills and Co-op marketed maize, wheat, pulses though Co-op marketed 100% of sorghum. The table also confirms that some pulses were processed and canned for export by BVFC (Basotho Vegetables Fruit and Cannery). It is known that wheat is not produced much when compared with maize and sorghum as above table shows, it is too labour intensive and government combine harvester sometimes delays though strikingly it is the highest marketed, 33%. Sorghum marketed reflects preference of taste and use. Most of sorghum produced is used for local consumption as soft porridge and traditional beer. Though beans and peas are cash crops their production is low due to disincentive factors like gazetted prices being above import parity level creating import consumption, export fickle market, Co-op avoiding to purchase from peasants to avoid incurring losses by reason of high GOL prices that could not compete with low market ones. Pulses are also widely used as relish that traditionally is not produced more than grains. Most of the peasants preferred to take their maize produce to Lesotho Milling company (94%) due to relatively readily available supplied transport, better management and more storing capacity, unlike the Co-op [Brokken et al,1986, Swallow and Mpemi, 1986 and Mokitimi et al,1988].

Co-op and large mills formed part of marketing channels as shown here below for maize, wheat, dry peas and beans with marketed quantities and percentage of total production for one year;

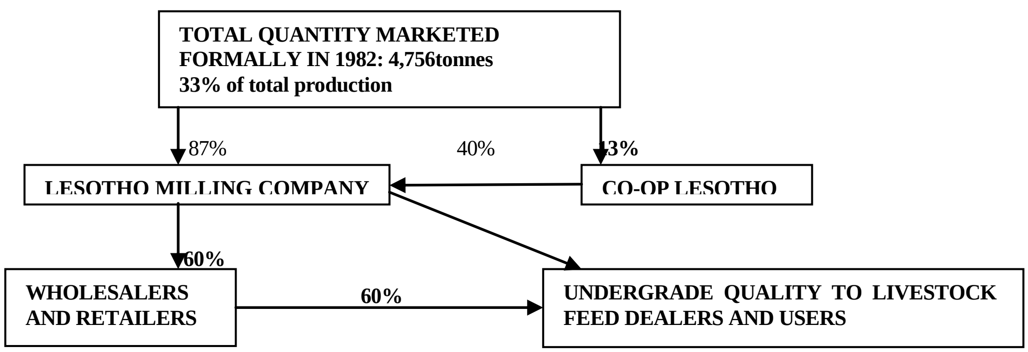
Figure 1: Maize Formal Marketing Channels.



Source: Brokken et al, 1986 and Mokitimi et al,1988.

Mainly white maize is the one produced countrywide and little of yellow maize. Mills accept white market preferred one only at grades 1,2,3 and rejected is sold as animal feed. Percentages of kernels and their different colour, foreign matter, weevils' infestation and moisture content above 12.5% to 15% determine grading. Private traders were not involved except when they served as Co-op's agents, delivering all to Co-op or mills. Demarcations of milling, wholesaling and retailing are on figure 1. Meal from mills is distributed through wholesalers and Co-op also undertaking wholesaling and retailing of maize meal and wheat flour. The mill owned a wholesale in Quthing district. Around 24% of maize meal requirement imported was kept at milling stores [ASIP, 1997 and Broken et al, 1986].

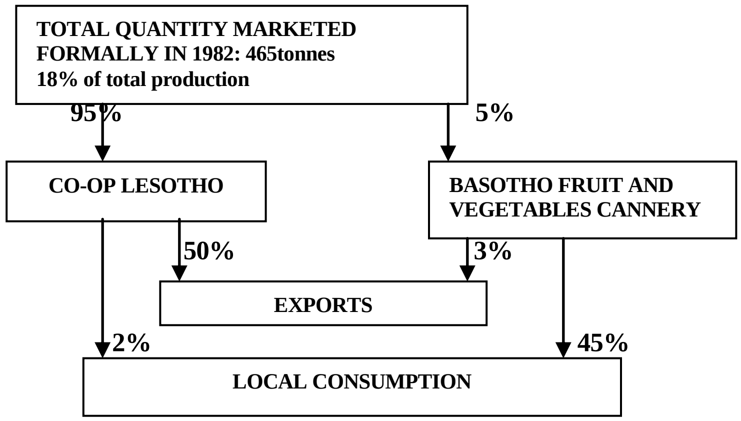
Figure 2: Wheat Formal Marketing Channels.



Source: Brokken et al, 1986.

Obviously Lesotho exports no wheat. Private traders only acted as Co-op’s agents. Co-op also sold wheat to mills though producers directly still did and do so at GOL prices. Lesotho Flour Mills was the only importer of wheat. The mill distributes wheat flour countrywide through wholesalers and retailers at minimum orders of 3 tons with its contracted transport. The mill grades wheat into B1, B2, B3 considering weight, moisture, impurities, admixtures, taint and odour, rejected one becomes animal feed.

Figure 3: Formal Marketing Channels For Beans.



Source: Brokken et al, 1986.

Though figure 3. reflects marketing structure for beans, peas follow similar structure. Grading for dry peas is always of best quality as peasants select it back home by handpicking regarded as best grading method for better price. In beans' grading, shape (flat, round, long round), colour (white, speckled e.t.c), size and number of dry beans per 30grams are considered. Producers sold peas and beans directly to Co-op Lesotho that sold directly to the cannery. Cannery under Co-op's control through its agents could also buy directly from farmers, which constituted only 5% of marketed produce. Local market consumed around 47% of marketed pulses but very little of processed ones, 2%. Most of the bulk was exported to RSA [Brokken et al, 1986 and Swallow and Mpemi, 1986].

VEGETABLES MARKETING ORGANIZATION AND LIMITATIONS THROUGH SAPS

Vegetables marketing system in Lesotho has not directly been under Co-op Lesotho except by way of subsidized input selling only. The system is export oriented through government owned Basotho Fruit and Vegetable Cannery/BFVC affiliated to Co-op and also inclined towards local market consumption. Even before SAPs prices for fresh vegetables have been on supply and demand determinants. Therefore there has not been significant changes in vegetables marketing organization before and after SAPs except for removal of inputs subsidy through Co-op. Vegetables included cabbage, spinach, beet-root, potatoes, carrots, tomatoes and other varieties. GOL and RSA's government never placed price controls on vegetables except small regulation. Table 3. shows producers of vegetables for consumption and import.

Table 3: Lesotho Fresh Vegetable Supply-Consumption 1986, in Tons.

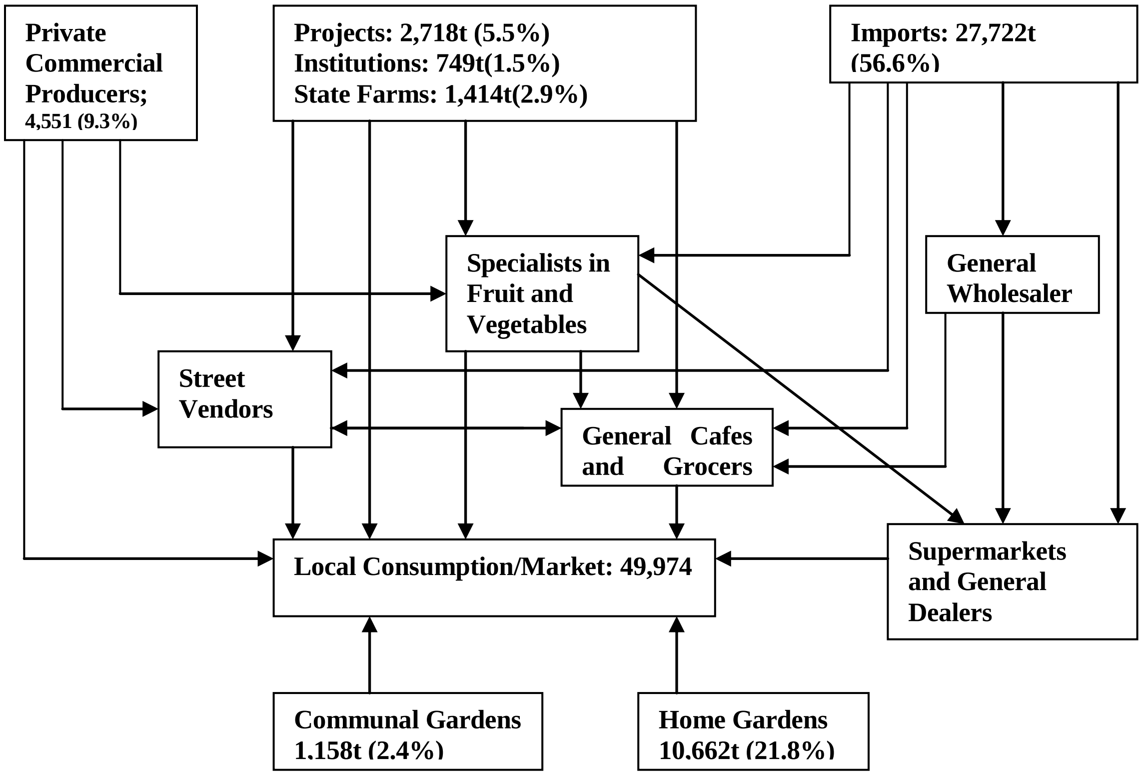
ITEM	TONNES	% OF TOTAL CONSUMPTION
CONSUMPTION	48,974	100.0
PROJECTS PRODUCTION	2,718	5.5
PRIVATE COMMERCIAL PRODUCTION	4,551	9.3
COMMUNAL GARDEN PRODUCTION	1,158	2.4
IMPORTS	27,722	56.6
HOME-GARDEN PRODUCTION	10,662	21.8
STATE FARM PRODUCTION	1,414	2.9

Source: Swallow and Mpemi, 1986.

Above table indicates seven sources of vegetable supply. Imports met 56.6% of 1986 demand while donor projects supplied 5.5%. Home garden supply was 21%. In good harvests imports are closed. BFVC uses both local production and imports for canning to export and sell locally at highly varying inputs and outputs.

Instruments of regulation GOL used aimed at import control. GOL issued import permits and closed imports whenever there is adequate local supply. District Agricultural Officers (DAO) of Ministry of Agriculture and Marketing in ten districts issue free of charge licenses with short validity of fortnight so as to close import whenever necessary. This has thus been protected local vegetables liberalized market. Through import permits to private traders, customs declared amounts and importers' permits to RSA's producers, GOL is able to know how much import is needed or not. Participants in vegetables marketing as shown below in tons and percentage to meet demand include general wholesalers, specialty traders, supermarkets, cafes and street vendors [Brokken et al, 1986 and Swallow and Mpemi, 1986].

Figure 4: Lesotho Vegetables Marketing Channel.



Source: Swallow and Mpemi, 1986 and Brokken et al, 1986.

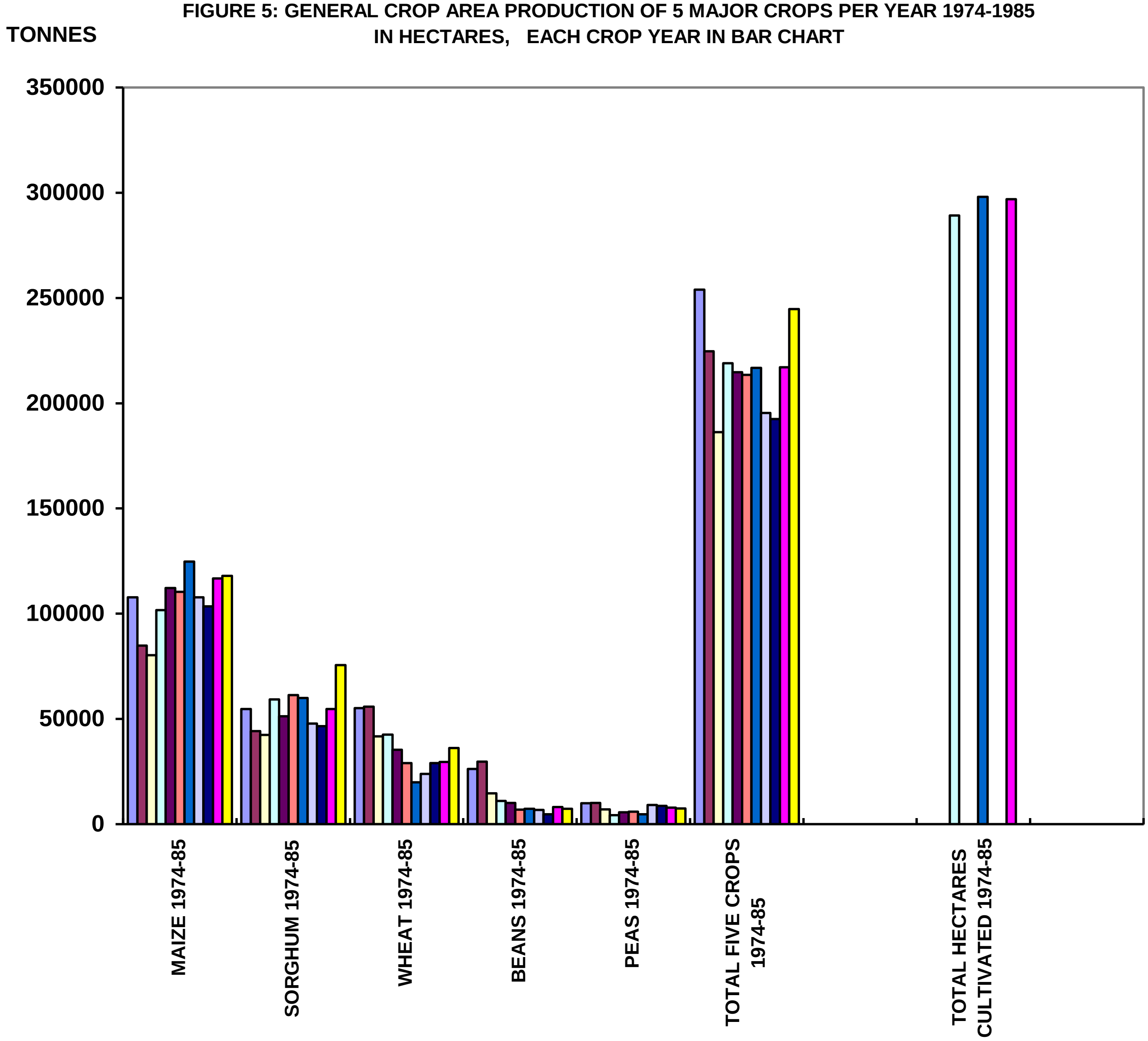
Above figure shows distribution of fresh vegetables in Lesotho. Street vendors are important for urban population. General wholesalers, supermarkets and general dealers, general cafes, specialists and even street vendors directly import with free of charge given fortnight import permit issued at district level till today. Private Commercial Producers supply specialists in fruit and vegetables, street vendors and local markets directly at own farm gate prices. Projects, institutions and state farms supply street vendors, local market directly, specialists and cafes which benefit supply from almost every supplier since they are almost every where in rural areas. Sometimes producers use public transport to deliver directly to neighbouring villages. It is important to remember that RSA's importers also take part but mainly through general wholesalers and supermarkets [Swallow and Mpemi, 1986, Brokken et al, 1986 and Mokitimi et al, 1988].

Limitations to Lesotho ever liberalized vegetables marketing system (with ‘stop and go determinism’) are that, during surplus produce, wholesalers and supermarkets enjoy more of economies of scale and suppress poor street vendors or peasants in general. This is mainly caused by different transport and packaging costs yet peasants have to compete with low retail prices unprofitable to them. Sometimes to avoid perishing of vegetables peasants have to retail and pay retailing services or sell to wholesalers at low prices. These are normal functions of market marginalizing weaker ones [See Wuyts and Mackintosh 1992]. Farmers hardly understand retailing service costs and other charges in formal marketing system. This inhibits their business projections and plans and are as such at greater price risk and vulnerable. Though GOL Marketing section has established extension education in vegetable marketing, few farmers are reached. In such situation they get faced with asymmetric, incomplete and lack of information concerning price signals seasonally and better marketing locations and on how to maintain products in better quality for marketing. Furthermore import restrictions on vegetables in adequate supplies are constrained by lack of sufficient co-ordination at border posts since restrictions are implemented at district level and some districts do not close their borders. As such import supply continues stifling market availability. Furthermore, price differences from one level to another vertically on above figure called marketing margins increase per level since market intermediaries like transporter, market agent and others get involved with costly services affecting time, space and form of produce. Though production is risk high facing drought, hail, frost, disease, insects and price risk and variation, vegetables whose marketing margins have been relatively constant through time are cabbage with 16.5s/kg at 134% and tomatoes 75.5s/kg at 170% and following varied around per central tendency given, onions 51.0s/kg at 144% and potatoes 33.1s/kg at 140% due to subsistence [Swallow and Mpemi, 1986, Brokken et al, 1986, Mokitimi et al, 1988 and see Ellis, 1992].

LESOTHO DOMESTIC CROPS PRODUCTION AND IMPORTS

One other way of assessing agricultural market is through imports and exports. However, for Lesotho, imports have been more than exports, therefore imports and domestic production are analyzed. One could say that generally while total crop area has been increasing in Lesotho, domestic production has been declining indicating poor farming methods and lack of technological investments by Co-op Lesotho to transform peasants from subsistence to sustainable agro-industrial sector. Figure 5. below just taking around ten years of crop area production for five major crops confirms this.

FIGURE 5: GENERAL CROP AREA PRODUCTION OF 5 MAJOR CROPS PER YEAR 1974-1985
IN HECTARES, EACH CROP YEAR IN BAR CHART



Source: See GOL Various Reports, 1985.

In terms of area harvested from diagram above, we observe that beside peas, 1980's yield was less than of late 1970's. There was steady decrease in yield after 1978/79 crop-year to 1983/84 when some improvement is seen. Cease of six years drought enabled better yield in 1984/85 crop-year. Co-op might not have to be so ill prepared in drought situations that peasants' produce decreases so drastically. However, other than drought factor, pattern of decrease generally holds implying need for better input, irrigation and technological policy [See Swallow and Mpemi, 1986, Brokken et al, 1986 and Lesotho Agricultural Situation Report, 1985].

Above situation is also confirmed by table below indicating yearly production within same decade. Likewise, 1980's actual crop harvest declined but started recovering in 1984/85 due to untackled drought (some countries, even local individuals with mechanization still did better under same conditions). In this period Co-op had management problems and could not readily provide data beyond this.

Table 4: Crops Production 1974/75 To 1984/85 In 1000 Tonnes.

CROP YEAR	MAIZE	SORGHUM	WHEAT	BEANS	PEAS
1974/75	70.3	37.4	45.3	13.4	5.8
1975/76	49.1	24.5	44.6	8.7	5.8
1976/77	125.9	62.3	61.4	20.9	7.0
1977/78	143.2	85.8	57.9	10.8	4.4
1978/79	124.9	69.0	33.6	8.4	6.9
1979/80	105.6	59.3	28.2	3.6	4.6
1980/81	105.7	47.7	17.0	3.5	3.2
1981/82	79.8	26.0	14.5	2.6	4.5
1982/83	76.2	30.7	14.8	1.6	3.4
1983/84	79.4	33.8	17.1	1.3	3.6
1984/85	92.4	54.8	18.4	2.5	3.3

Source: Lesotho Agricultural Situation Report, 1985.

Table below indicates food imports, grains and pulses from both commercial and donor sectors. Data demonstrate that commercial imports of all products remained relatively constant since 1977/78. However, total imports have increased, showing increased reliance on donated food and ineffectiveness of Co-op Lesotho as table below confirms.

Table 5: Lesotho Imports Of Major Crops, 1000 Tonnes, 1974/75 To 1983/84. **Commercial Imports** **Total Imports**

CROP YEAR	MAIZE	SORGH.	WHEAT	PULSES	MAIZE	SORGH.	WHEAT	PULSES
1974/75	62.7	3.1	32.0	0.3	74.5	3.1	33.8	0.9
1975/76	76.4	5.1	31.2	0.1	83.1	5.1	32.7	0.3
1976/77	86.5	5.8	32.8	0.6	96.3	5.8	33.9	0.8
1977/78	109.2	2.1	31.7	0.5	115.0	2.1	33.0	0.9
1978/79	122.4	1.9	35.7	0.6	130.7	1.9	42.6	1.6
1979/80	108.8	1.8	30.8	0.5	118.3	1.8	38.2	1.0
1980/81	121.9	1.4	31.5	0.2	136.8	1.4	37.9	0.9
1981/82	128.5	1.0	30.3	0.5	140.2	1.0	42.1	1.2
1982/83	107.4	1.7	23.9	0.5	116.6	1.7	44.5	1.6
1983/84	117.5	3.3	22.0	0.6	126.6	3.3	48.6	1.7

Source: Lesotho Agricultural Situation Report, 1985.

The ever since RSA's heavy input subsidy floods export market for Lesotho and hence little could be exported. In sorghum just over 6,000 tons used to be exported but got restricted on the basis of sorghum seed colour, most of local type in which

Lesotho has comparative advantage in terms of climate is brownish and not white. Restrictions became more effective since 1960's. Data show that from 1949/50 to 1973 an average of 4,749 tons of wheat was exported annually with peak of 13,616 tons in 1969 but later stopped. From 1969 to 1978 an average of M447, 300 of beans and M49, 000 of peas were exported each year. Pulses' tons exported each year vary highly [Swallow and Mpemi, 1986 and Brokken et al, 1986].

TOP-DOWN RELATIONSHIP OF GOL TO PRODUCERS IN CO-OP

"...if exploitation is proven to exist then it is not at all clear that the total
replacement of private by state trading channels is the best long-run method
for solving the problem...the real key to whether peasants are disadvantaged
by the way marketing systems work is whether the individual producer has any
range of effective choice concerning the buyer, timing, and location of commodity sale [Ellis, 1992:120]".

Though GOL regulated agricultural marketing through Co-op to protect peasants from exploitative private traders, peasants had no voice or choice over customer, when they wish to sell and where. Their liberty to run their production as an enterprise was supplanted and could not hence be transformed to sustainable agribusiness. Nonetheless, to some extent this confirms Harris-White [1995] real markets notion as complex system of transfers of ownership with variety of forms of organization. Though realists may believe peasants need empowerment for choice against vulnerability and marginalization, collective values like food for everybody and state survival counteract such efforts in developing countries [GOL, 1999].

Most importantly peasants who were members were not involved in decisions that affected them in the running of Co-op. GOL interventionist policy was contrary to passing appropriate legislation, providing essential supervisory services such as registration, auditing and training of co-operators. As such primary and secondary co-operatives and the so-called apex could not be viable. In 1970, unfortunately, the government that lacked democratic mandate expelled the right critical foundational calibre staff and replaced them with as low as primary education certificate holders who could not keep books of accounts properly. Across the co-operative movement there has been lack of knowledge in business management. Audits that were done to Co-op Lesotho were unable to satisfy auditors that accounting records and financial controls were properly maintained. There was lack of internal controls, reconciliation and proper accounting. Recoverability of loans given in cash and in kind to farmers and smaller co-operatives became only a wish [Lehohla et al, 1993].

FINANCIAL VIABILITY

While farmers could get input credit of seeds, fertilizer and animal feeds or cash Lesotho Agricultural Development Bank (LADB) was established to also focus on co-operatives production programme by supplying farmers with credit. The bank provided mainly four kinds of loans; interest free seasonal credit to nonviable primary and secondary co-operatives to distribute to peasant members. Members had to pay back after a year at 10% interest rate to their co-operative, short-term loans mainly for incremental working capital to farmers at 11% interest rate per year repayable within 18 months, medium-term loans at 12% interest rate repayable over 5 years for development projects and long-term loans at 12% interest rate also repayable over 5 years. A sample of pattern of these loans is shown on table 6;

Table 6: Lesotho Agricultural Bank Loans Of 1980 To 1982 .

CATEGORY OF LOANS	**1980**		**1981**		**1982**	
	No.	VALUE	No.	VALUE	No.	VALUE
MEDIUM TERM						
FARM MACHINERY AND EQUIPMENT	135	803 000	71	925 000	22	235 000
LIVESTOCK	7	135 000	24	193 000	7	67 000

Source: Setai, 1984.

Obvious implication to this non-privatized Co-op and its bank with loans' low interest rates simply means per seasonal credit, short-term loan, medium term and long term loan Co-op and bank gave away, they lost the value of money by at least -4.35%, -3.48% and -2.60%, respectively. Low interest rates adversely affect savings, transaction costs and viability of lending institutions. No matter how good and many were the established rural facilities by the bank for village based credit management system. This implies state institutions could not be sustainable or profitable enough to transform peasantry for the better also due to their dependency syndrome, transaction costs recovery problems, high loan defaulting and thus lacked savings or reinvestment. They got entangled in vicious cycle of state self-impoverishment and all plummeted [See Ellis, 1992 and Setai, 1984].

In the Co-op itself, proper recording and completeness of liabilities and accuracy of income and expenses by government ordered around staff usually expelled at any incidence of non-compliance to unethical corrupt practices lacked upkeep. Staff was poorly paid, political ministers and favoured well to do farmers abused and mismanaged resources (transport, cash, seeds, fertilizer, stores and other marketing facilities) any how for personal gain. The implication is that budget and accounting procedures were not followed in many provisions of inputs. The government just wanted to rally political support and Co-op had to collapse around 1993, though it really became practically defunct far earlier. Prevailing government intervention created an environment where ethical conduct by civil servants was treated with contempt [Lehohla et al, 1993].

In this context, input policy objective of displacing private marketing considered exploitative on peasants, unable to deliver new inputs with perfect competitiveness, timeliness, quality, adequate information and geographical coverage, just carried on same imperfections with additional misuse and misallocation of resources. Co-op trucks would, as reported, in many times be seen doing staff or political officer personal business. This caused inputs delivery delays and affected production. State input delivery system was not sufficient either and in that case reported illegal input purchases contributed to inequity and biased input supply [Lehohla et al, 1993 and see Ellis, 1992].

Input price policy followed was that of reducing marketing risk for inputs by having Co-op adopting amelioration of inputs storing facilities in rural areas. Hoard inputs and sell them when prices are higher. About 56 big inputs supply stores were developed countrywide and provided other services to back rural producers. An average of 67% of inputs like fertilizer, seeds and insecticides were imported. Input subsidy thus had diverse implications and limitations. Long-term budgetary cost in input subsidy gradually increases and is unpredictable, soon it drains country's resources and may result in misallocation of such resources. Cost recoupment and storing expenses on subsidized inputs caused budget deficit of 25.5% of GNP [Setai, 1984 and Ellis, 1992].

ROLE THAT MAY BE PLAYED BY CO-OP LESOTHO

It has become a challenge for Co-op Lesotho in liberalization to now address institutional constraints of lack of credit availability, delivery system of inputs like seed, fertiliser and transport for produce, extension service, technological investment in peasants' assets and private sector development by viable capital distributive contract-farming. Co-op is faced with a challenge of developing global and regional strategic feasible development programmes that alleviate peasants' problems and involve them on sustainable basis if they are to compete in world market. Increasing economies of scale for local peasants through proper technological investments could be a paramount role [Setai, 1984].

There is need for targeted intervention by Co-op Lesotho and Livestock Produce Marketing Service/LPMS since normal functioning of liberalized market including globalization will not address needs of poor peasants not backed by cash. Provision of essential physical, communication and market information infrastructure remains a critical role to induce rational conduct of seizing investment opportunities as these create better economies of scale. Co-op may have to play such role but specialising on agricultural products that Lesotho has comparative advantage regionally and globally. When relative economies of scale is attained with some competitiveness, merging as shareholders with transnational corporations would increase more market network. Then regional-global strategy with certainty of sustainability would be acquired [See Jones, 1996]. Co-op Lesotho needs to overcome financial resources lack, low skills levels and rural incapacity by socially environmentally gender sensitive contract-farming investment strategy. Peasants critically need to be part of such formulation of policy strategy for improved agricultural market supply, market network, fair terms, their protection and empowerment. This could enable role of capital provision since peasants under close able technical monitoring would possess practical productive skills, enough returns to pay borrowed or loaned capital and acquire it through contract-farming. Then transformation would be revolutionary. Co-op needs to invest in peasants' smallholdings, inventively profitable to alleviate liberalized market marginalization of poor peasants. This is able to maintain norms of individuality and private sector development for efficiency. Privatization is not efficiency in itself but could be a means towards efficiency. This would overcome lack of peasants' will to fully partake in co-operatives and would bind them together for pursuit of market security and economies of scale due to surplus made [See Mackintosh et al, 1996].

Focus of Co-op Lesotho needs to be more on people, be people-derived, people-led and driven. People-managed systems other than assumptions managed systems could be better for sustained market supply. Broadening of access to equitable distribution of productive assets and viable income-generating opportunities and agro-industrialization has become critically an essential role. Strategic support on systems and capacities of small farmers at household and community level could be an effective role. Co-op may need not carry whole burden alone but involve Non-governmental organizations (NGOs) and Lesotho Highlands Water Project (huge water selling project to RSA/LHWP) that can efficiently assist in providing information to producers, consumers and community-based organizations (CBOs). Empowerment of women through greater control over productive resources and incomes, as well as their participation in decision-making is indispensable. Role of advocacy and conscientization through media and establishment of women empowering bodies in decision making in marketing is essential. There is need for balanced emphasis on large-scale agriculture, high-potential areas and small-scale producers as large-scale seem to overpower small-scale and lack in distribution mechanisms for forever imagined trickle-down benefits. Agricultural modernization which promotes diversified, low and holistic farming systems, recognizing farmers' rights and value of indigenous knowledge for sustainable environment and market supply may be an appropriate role. Besides creating networks with NGOs and CBOs, Co-op need to participate in World Trade Organization (WTO) and other international trade organizations to acquire market planning ability and overcome uneven possible trade terms in global market [See Madeley, 1999].

LIVESTOCK MARKETING, CONSTRAINTS AND CO-OP'S ROLE SUMMARY

This section covers analytical lessons on livestock, marketing constraints and Co-op's role. Findings and lessons from livestock marketing before and after SAPs reveal that social relations and political values influence market, it is not just about economic transactions. So, markets are not absolutely impersonal. Non-liberalization got constrained by price formation or regulation inefficiency while liberalization was hindered by transaction costs barring free market entry. Social and cultural norms of regarding livestock as store of wealth, prestige and subsistence insurance constrained and reduced volumes of stock sales making non-liberalized marketing unprofitable and further stifled liberalized trade viability [See ASIP, 1997].

While low set prices discouraged cattle supply, liberalized cattle market did not have sufficient buyers to create fairly competitive market in short-run obstructing chances of revival in long-run considering untransformed peasants' values. Intervention retarded private sector development though when the latter left alone exploitation of producers and consumers by private traders heightened in wool, mohair and milk selling. Liberalized market prices are higher than non-liberalized ones but inputs are unaffordable and inaccessible resulting in marginalization of many poor peasants' participation in liberalization. Then without many market participants, more imperfections appeared. Inadequate market infrastructure made things worse for poor producers as liberalized market got more inaccessible. However, monopoly suppressed high liberalized prices benefits as it competed with private sector specifically in milk market (even in cereals by large-mills' monopoly), though this could remain potential food security/sustainable development threat if left totally unmarked regarding producers and their associations collusion. Differences in economies of scale in liberalized eggs selling wiped out many producers in market though non-liberalization was bureaucratically inefficient with untimely payments and limitedly struggled to maintain guaranteed uncoverable wide market with few depots. There are negative externalities in liberalized market as poor quality and health risk products including anonymous imports flood market unfairly competing [GOL, Reports, 1999].

Pull effects of migrant employment opportunities in RSA could to some extent be affecting agricultural market supply. However, strong push factors limiting liberalization in agricultural marketing also include failure of competition due to localised monopoly supply power by large-scale mills, failures of provision of infrastructure to create economies of scale, externalities of too cheap imported sometimes spoiled agricultural products like eggs, common property resources characterised by 'tragedy of commons' on open grazing reducing livestock production, quality of wool and mohair and therefore farm income. Lack of credit availability and asymmetric information choke liberalized agricultural marketing performance. Combination of these factors creates further socially unwanted poverty, vulnerability, marginalization and inequality. Power imbalances affect both non-liberalized and liberalized market [Murray, 1981 and GOL, 1999].

Remedy to above constraints create need for institutions like Co-op and others to adopt targeted interventions, as normal market functions are not responsive to needs of the poor lacking cash. Participatory contract-farming, agri-business with guaranteed marketing network for infancy survival and global network strategies are critical roles [See Madeley, 1999].

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