COOPERATIVES IN LEBANON:

HOPE FOR A BETTER SOCIAL AND ECONOMIC FUTURE?

Tania Haddad American University of Beirut - th18@aub.edu.lb

ABSTRACT

The main aim of cooperatives is to share risks, pool resources and generate income. It is based on the principles of equality, freedom, justice and fairness.
Supported by the government in the late 1960s-1970s, cooperatives in Lebanon were directly affected by the civil war and foreign occupation as well as by the political system of the state and the harsh socio-economic conditions. The resurgence of cooperatives in post war Lebanon was mainly driven by political parties and highly politicized as well as tainted with clientelism and Nepotism. As of 2000, the cooperative sector, backed by local and foreign donors, started to reappear as a major social and economic actor in the Lebanese communities; gaining more credibility and trust. However, the potential of cooperative is still far from being reached especially in the rural areas of Lebanon. These enterprises are still marginalized and often not adhering to the cooperatives principles; moreover, the sector is facing many challenges that are directly affecting its development.
The project argues that in the light of the lack of the presence of a clear law that governs social enterprises in Lebanon, and in the absence of the welfare state; cooperatives, if fully developed and assisted, would have a crucial role in developing the rural areas in Lebanon and help the different communities face the social and economic deteriorating condition.

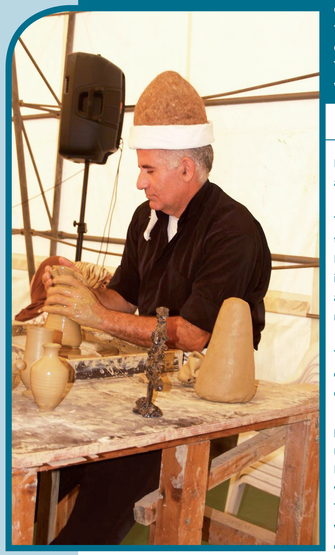
MAIN RESEARCH QUESTION AND HYPOTHESIS

The project addresses the role of cooperatives in Lebanon. It argues that the politicization of the sector and the loss of trust from the citizens coupled with the lack of studies and researches on the subject, led to the weakening of the sector. It further argues that although the cooperative sector is small and weak in Lebanon due to the above reasons, with the right policy changes and awareness strategies, the sector will witness a successful development and will become one of the main players in the Social Enterprises sector thus being the ultimate solution for the development of the rural areas in Lebanon.

METHODOLOGY

One of the major challenges in analyzing the effect and role of social enterprises in states similar to Lebanon is the lack of reliable data. In Lebanon and due to the 30 years' war in addition to the sensitivity in attempting to quantify sectarian distribution, the last population census goes back to 1932. the lack of data on cooperative is also due to the fact that cooperatives are not registered as a "separate status-in-employment category". Most of the data available on cooperatives is limited to the agricultural ones. Another limitation is the existence of many informal cooperatives which are not registered in the official records.

The research relies extensively on ethnographic fieldwork. In order to determine the role of cooperatives in Lebanon and the factors that shape the utility of these associations, I relied mainly on qualitative research tools, structured interviews and analysis of research documents. The main resources were National Reports and Surveys; Local and International studies published by Donors; News Releases and case studies. Furthermore, 16 in depth interviews were conducted; they were either taped based on informant consent or written whenever the latter did not agree to have them taped recorded. The aim was to interview local and international donors as well as shareholders in the cooperatives. The data gathered was a basic, essential and useful tool to understand the role and limitations of these enterprises and the challenges they are facing.
The initial project design was to analyze quantitative data; Gathering quantitative data was impossible due to the political situation that the Lebanese State is passing through.



PART I. SOCIO-ECONOMIC AND POLITICAL CONDITIONS IN LEBANON

Before the civil war, the Lebanese economy was very strong, enterprises were growing and the banking sector was the most important in the Middle East.

The civil war led to the total destruction of the industrial and agricultural infrastructure thus many service sectors relocated to other countries. Affected by ongoing crises, the Lebanese market lost all hope of recovery; leading to the loss of foreign and diaspora's investments. Inflations increased while fiscal policies focused more on crisis management; all this was paralleled by corruptions and embezzlement. To date the government is still recovering from the long term effect of this war.

The gap between the rich and the poor in Lebanon undermined the role of the middle class and led to the emigration of most of the younger generation in the search for better employment opportunities.
The latest poverty study conducted in Lebanon in 2008 showed that a minimum of eight percent of the Lebanese population live under the conditions of extreme poverty; thus a minimum of 300,000 citizens are not meeting their basic needs.
Poverty is distributed in different regions in the country: the highest poverty rate is witnessed in the remote rural areas.
The unemployment rate in Lebanon is the highest among the poorest population, most of whom are unskilled workers. Since the early 1990s, the Lebanese government has been exerting continuous efforts to improve the social indicators through promoting social development; however this has not improved.

PART II. CHALLENGES FACING THE COOPERATIVE SECTOR IN LEBANON:

Cooperatives in Lebanon were officially established in 1964 based on the law of decree 17199. Although the current law provides the legal framework and the fundamentals for the establishment of cooperatives and recognizes the cooperatives principles; however the sector is facing many challenges

(1)Wrong understanding and approach to cooperatives
(2) Politicization of the Sector
(3) Fake Cooperatives
(4) Weak human and financial capacities.
(5) Difficulties in accessing local and international market.
(6) Lack of local and international support

Part III. Importance of Cooperative sector in Lebanon

In light of the bad economic situation and the absence of the state especially in rural areas; the only solution for the survival and development of communities is to shift to social entrepreneurship and social enterprises. Since these latter do not have a clear law that governs them in Lebanon; the solution is Cooperatives.
The success stories witnessed during the field research came to stress the importance of this sector especially for the development of women. Defying the norms and the traditions that oblige women to accept the patriarchal society, women in different areas of Lebanon, and especially in remote rural areas, discovered that cooperatives are the solution to challenge the status quo and emphasize their rights.
Cooperatives can provide an alternative for service provision and provide social cohesion for the Lebanese communities especially in the rural areas.

Cooperatives would be crucial to enhance the quality of live of families and communities. They will allow members to share the risk, pool resources, and generate income. Furthermore, if rightly managed they can support the expansion of labor as well improve the status and position of women. They will lead to social justice and cohesion as well changing the social norms in the society and lead toward more gender equality.

CONCLUSION AND RECOMMENDATIONS

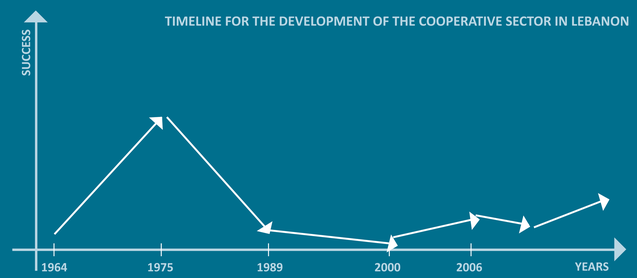
Cooperatives rely on three pillars: the state; the citizen and the dynamic of the cooperatives.

Cooperatives in Lebanon if fully developed and properly trained can assist the citizens and replace the absence of the state in providing social and economic services.

In order to succeed, different stakeholders should cooperate together and should understand the importance of this sector:
Government Support: the government and the ministry of Agriculture should provide more support to the rural cooperatives and should encourage citizens and provide them with facilities to establish and be part of democratic cooperative
Politicians: This political will is crucial to overcome the national and regional challenges in order to regulate the market.
Citizens: People should shift from being passive and complaining all the time to active citizens taking initiative.
Sector: Cooperatives need to coordinate and unite their efforts in order to regain confidence of the different stakeholders especially that this sector had different entities that were fictitious, undemocratic and inactive or serving the interests of certain political parties.

Geographical locations"
Geographical locations"
260 located in the south
226 located in the north
203 in the bekaa
4 in Beirut

Facts about cooperatives in Lebanon:
1201 active cooperative
799 agricultural
195 housing and credit
49 focusing on beekeeping
42 fishing cooperatives
47 handncrafts
38 consumer



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